

ORIGINAL STATE OF NEW JERSEY
CASINO CONTROL COMMISSION

1
2
3 IN RE: CONSOLIDATED FINANCIAL)
4 STABILITY HEARING OF TRUMP TAJ)
5 MAHAL ASSOCIATES, TRUMP HOTEL)
6 MANAGEMENT CORPORATION, TRUMP'S) **VOLUME III**
7 CASTLE ASSOCIATES LIMITED)
8 PARTNERSHIP, AND TRUMP PLAZA)
9 ASSOCIATES.)

Monday, June 17, 1991
2:05 p.m.
Atlantic City Commission Office
Boardwalk and Tennessee Avenue
Public Meeting Room
Atlantic City, NJ 08401

10 B E F O R E:

11 STEVEN P. PERSKIE, CHAIR
12 VALERIE H. ARMSTRONG, VICE CHAIR
13 W. DAVID WATERS, COMMISSIONER
14 JAMES R. HURLEY, COMMISSIONER
15 FRANK J. DODD, COMMISSIONER

16 PRESENT FOR THE CASINO CONTROL COMMISSION:
KAREN BIACHE, ADMINISTRATIVE ANALYST

17 ON BEHALF OF THE COMMISSION STAFF:
18 JOHN R. ZIMMERMAN, ASSISTANT GENERAL COUNSEL
STEVEN M. INGIS, SENIOR ASSISTANT COUNSEL

19 ON BEHALF OF THE DIVISION STAFF:
20 THOMAS N. AURIEMMA, DEPUTY ATTORNEY GENERAL

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23 SILVER & RENZI REPORTING SERVICE
24 824 West State Street
Trenton, New Jersey 08618
25 609-989-9191 or 800-792-8880 (TOLL FREE)

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ON BEHALF OF ALL TRUMP ENTITIES
RIBIS, GRAHAM & CURTIN, ESQS.,
BY: JOSEPH A. FUSCO, ESQ.

ON BEHALF OF TAJ MAHAL BONDHOLDERS STEERING COMMITTEE
GREENBERG MARGOLIS, ESQS.,
BY: MARTIN L. GREENBERG, ESQ. and
GUY S. MICHAEL, ESQ.

ON BEHALF OF TRUMP CASTLE BONDHOLDERS STEERING
COMMITTEE
LOWENSTEIN, SANDLER, KOHL, FISHER & BOYLAN, ESQS.,
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ON BEHALF OF MR. ICAHN
WILENTZ, GOLDMAN & SPITZER, ESQS.,
BY: BRIAN J. MOLLOY, ESQ.

ON BEHALF OF SUBCONTRACTOR CREDITORS OF TAJ MAHAL
CRUMMY, DEL DEO, DOLAN, GRIFFINGER & VECCHIONE, ESQS.
BY: DALE E. BARNEY, ESQ.

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1	A-1-F	Amendment #6 to Form S-4	267
2		Registration Statement filed with	
3		the SEC on June 5, 1991 on behalf	
4		of TTMFI, TTMA and TMHC (two	
5		volumes) (declared effective by	
		SEC on June 5, 1991)	
6	A-1-G	TTMA-TTMFI Solicitation of	267
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10		Ballots and First Bank National	
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17		Indenture of Mortgage and Option	
18		Agreement dated as of May 30, 1991	
19		between TPA and Fidelity Capital	
20		& Income Fund as lender, payee,	
21		mortgagee and option holder	
22	A-41-C	Loan Agreement, Promissory Note,	268
23		Indenture of Mortgage and Option	
24		Agreement dated as of May 30,	
25		1991 between TPA and Belmont	
		Fund, L.P. as lender, payee,	
		mortgagee and option holder	

1 MS. BIACHE: This is to advise the general
2 public and to instruct that it be recorded in the
3 minutes that in compliance with Chapter 231 of the
4 Public Laws of 1975, entitled the "Open Public
5 Meetings Act," the New Jersey Casino Control
6 Commission, at 3:44 p.m. on June 11, 1991,
7 hand-delivered to the office of the Secretary of State
8 and caused to be posted on the bulletin board located
9 outside the Secretary of State's office at the State
10 House, Trenton, New Jersey, and at 4:45 p.m. on June
11 11, 1991 mailed to the Press of Atlantic City and to
12 the Newark Star Ledger and to the office of the Clerk
13 of Atlantic City a meeting notice setting forth the
14 time, date and location of this meeting.

15 Members of the press will be
16 permitted to take photographs of today's meeting. We
17 would ask, however, that this be done in a manner
18 which is not disruptive of the meeting or distracting
19 to the Commission and which does not interfere with
20 the public's right to observe the meeting.

21 CHAIRMAN PERSKIE: Good afternoon.
22 I'm going to say you may be seated, but I guess
23 everybody that may is. You guys can, if you can.

24 I will call the meeting to order and
25 observe for the record the presence of all of the

1 members of the Commission.

2 This is, of course, as indicated, the
3 continuation of prior proceedings and the return date
4 for the continued examination by the Commission of the
5 financial stability of three of the casino licensees,
6 the Taj Mahal, Trump Plaza, and the Castle, together,
7 of course, with the necessary determinations as to the
8 Trump organization.

9 For the record, I suppose we should
10 commence with the entry of appearances.

11 CHAIRMAN PERSKIE: For the Division?
12 Nobody seems to be getting up first.

13 MR. AURIEMMA: Thomas Auriemma, for
14 the Division.

15 MR. FUSCO: For the licensees, Joseph
16 Fusco, of Ribis, Graham & Curtin, and Mr. Moles for
17 Taj Mahal, Mr. Pickus for the Castle, and Miss Wild
18 for the Plaza.

19 CHAIRMAN PERSKIE: Wherever they may
20 be sitting.

21 MR. FUSCO: They are all in the room.

22 CHAIRMAN PERSKIE: There's one of
23 them, okay.

24 MR. GREENBERG: Mr. Chairman, Martin
25 Greenberg and Guy Michael for the bondholders and the

1 Steering Committee in the Taj Mahal matter.

2 MR. EHRENBERG: Mr. Chairman, Peter
3 Ehrenberg, Trump Castle Bondholders Steering
4 Committee.

5 CHAIRMAN PERSKIE: Mr. Ehrenberg, you
6 were, I think, here the last time and entered an
7 appearance then. Yes?

8 MR. EHRENBERG: That's correct.

9 CHAIRMAN PERSKIE: Okay.

10 We have received a petition from Mr.
11 DeFillipo on behalf of what is captioned "An
12 Unofficial Committee of Subcontractor Creditors," with
13 a Notice of Motion to intervene or participate.

14 I would observe for the record that
15 that motion was dated June 13th, filed with the
16 Commission on June 14th, and is anticipated by the
17 applicant, I assume, to be heard today.

18 The world knew and everyone is
19 charged, in my view, of notice that this hearing was
20 going to be today from at least April. This petition
21 will be listed for consideration by the Commission on
22 June 26th at its regular meeting.

23 On April 18th, 1991, the Commission
24 renewed the casino licenses of Trump Taj Mahal
25 Associates and Trump Hotel Management Corporation

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4		position of Donald J. Trump	
5		by John Trzaka, Director, Division	
6		Financial Evaluation	
7	C-14	Supplemental Report dated June	265
8		14, 1991 on Trump Taj Mahal	
9		Associates' and Trump Hotel	
10		Management Corp.'s Applications	
11		for Renewal of their casino licenses	
12		by John Trzaka, Director, Division	
13		of Financial Evaluation	
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19		Supplemental Report dated 6/13/91	
20		on the Financial Condition of	
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23		Associated and Donald J. Trump by	
24		Deputy Attorney General Thomas	
25		N. Auriemma	
26	A-54	Term Sheet dated June 11, 1991	265
27		regarding the overall restructuring	
28		of the financial obligations of	
29		Donald J. Trump and his affiliated	
30		entities to each identified Bank	
31		executed by Mr. Trump and each Bank	
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33		Terms dated June 15, 1991 executed	
34		by TCA and the bondholder Steering	
35		Committee setting forth the	
36		structure and principal terms upon	
37		which they are prepared to resolve	
38		the bondholder's position	

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25 Greenberg and Guy Michael for the bondholders and the

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9 CHAIRMAN PERSKIE: Okay.

10 We have received a petition from Mr.
11 DeFillipo on behalf of what is captioned "An
12 Unofficial Committee of Subcontractor Creditors," with
13 a Notice of Motion to intervene or participate.

14 I would observe for the record that
15 that motion was dated June 13th, filed with the
16 Commission on June 14th, and is anticipated by the
17 applicant, I assume, to be heard today.

18 The world knew and everyone is
19 charged, in my view, of notice that this hearing was
20 going to be today from at least April. This petition
21 will be listed for consideration by the Commission on
22 June 26th at its regular meeting.

23 On April 18th, 1991, the Commission
24 renewed the casino licenses of Trump Taj Mahal
25 Associates and Trump Hotel Management Corporation

1 subject to further review of the licensees' financial
2 stability.

3 In granting the renewal applications,
4 the Commission determined that financial restructuring
5 of the Taj Mahal and the Trump organization were under
6 way, which, if consummated, could result in a
7 financially stable casino property and a financially
8 stable Trump organization.

9 Due to the uncertain status of both
10 plans at that time, the Commission was unable to reach
11 a final conclusion regarding financial stability.

12 Accordingly, the Commission scheduled
13 a financial stability hearing, commencing today, to
14 examine the progress and viability of the respective
15 proposals.

16 On May 8th, 1991, the Commission
17 renewed the casino licenses of Trump Plaza Associates
18 and Trump Castle Associates, subject to a further and
19 ongoing review of their financial stability.

20 Of immediate concern was their
21 ability to satisfy certain debt payments due June
22 15th.

23 At the renewal hearing, the licensees
24 testified that plans had been developed which would
25 enable them to make the required payments and to

1 demonstrate financial stability. However, the
2 viability of these plans could not be determined at
3 that time in that context.

4 Consequently, the financial stability
5 issue was consolidated with that of the Taj Mahal and
6 Trump organization matters and all, of course, are
7 scheduled today.

8 So that the record is clear, at prior
9 proceedings in this matter in connection with
10 licensure all of the following exhibits have been
11 received and marked into evidence:

12 C-1 through C-12, inclusive, and
13 there is now a C-13 about which we'll hear in a few
14 minutes, it's the Commission's Division of Financial
15 Evaluation Report under date of June 14th.

16 Division exhibits 1 through 9 are in
17 evidence, and we have now received D-10, the
18 Division's report from Mr. Auriemma of June 13th with
19 respect to all of the entities.

20 The applicant exhibits in evidence
21 are A-1 through--A-1, A-1A, and A-1B, A-2 through
22 A-27B, inclusive, not including A-27C; A-28 through
23 A-41A, inclusive, and not including A-41B and A-41C;
24 A-42 through A-53, inclusive.

25 We have received and we'll hear more

1 in a minute about exhibits A-54 through A-60,
2 inclusive, which in turn include A-55A and A-59A and
3 A-59B, all of which are before us, and we have also
4 received in evidence S-1, 2, and 3 at prior
5 proceedings.

6 And last, but by no means least here
7 Mr. Ehrenberg, P-1, is a participant's exhibit from
8 him.

9 Now, let us go through and discuss
10 what we need to discuss about the exhibits.

11 C-13 is the report of the
12 Commission's Division of Financial Evaluation as to
13 Mr. Trump, I believe. Let me just get my hands on
14 it. C-13 is as to Donald J. Trump.

15 Mr. Fusco.

16 MR. ZIMMERMAN: Mr. Chairman, C-13
17 refers to Mr. Trump. There are also--

18 CHAIRMAN PERSKIE: Two others.

19 MR. ZIMMERMAN: Yes, though not on
20 your list. There are also two other--

21 CHAIRMAN PERSKIE: I was going to get
22 to that.

23 What are they numbered?

24 MR. ZIMMERMAN: Well--

25 CHAIRMAN PERSKIE: Or haven't they

1 been yet?

2 MR. ZIMMERMAN: I have just numbered
3 mine.

4 CHAIRMAN PERSKIE: Out of all of
5 those questions, you can answer them in any sequence
6 you would like.

7 MR. ZIMMERMAN: The one on which I
8 have just written is C-14 is a supplemental report of
9 June 14 regarding Trump Taj Mahal Associates.

10 CHAIRMAN PERSKIE: All right. That
11 will be C-14, and the Plaza will be C-15, which raises
12 the obvious question where is 16, or is there going to
13 be one?

14 MR. ZIMMERMAN: There is not at this
15 point because of the Castle situation just coming to
16 our attention.

17 CHAIRMAN PERSKIE: C-14, Counsel, for
18 identification is the Division's report of June 14 as
19 to the Taj, and C-15 is the report of the same date as
20 to the Plaza.

21 (Off the record.)

22 CHAIRMAN PERSKIE: If I said
23 Division, I'm sorry. I meant the Commission to the
24 Division of Financial Evaluation. Thank you.

25 As to the C-13, 14, and 15, Mr.

1 Fusco.

2 MR. FUSCO: We do not object to--I
3 take it they are being offered, Mr. Chairman.

4 CHAIRMAN PERSKIE: Well, I guess--I
5 don't know who offers them.

6 The question is what's your position
7 on whether they should be--

8 MR. FUSCO: We do not object to those
9 reports coming into evidence.

10 MR. AURIEMMA: We do not object.

11 MR. ZIMMERMAN: Then I offer them.

12 CHAIRMAN PERSKIE: Thank you. Mr.
13 Zimmerman then I suppose offers them, and without
14 objection all three will be received and may be so
15 marked, and that solves part of the problem for the
16 right half of the room.

17 Division 10 is the report by Mr.
18 Auriemma of June 13.

19 MR. AURIEMMA: I offer it.

20 CHAIRMAN PERSKIE: Mr. Auriemma
21 offers it.

22 Mr. Fusco.

23 MR. FUSCO: No objection.

24 CHAIRMAN PERSKIE: Let me just call
25 your attention, everybody, to page 29 of that report,

1 which contains what I consider to be a very--an error
2 that I would like to have corrected before it's
3 received.

4 The Division asserts that in granting
5 the renewal of the Taj, the Commission found that
6 restructurings were under way which, and I quote,
7 "when and if consummated would result in a financially
8 stable casino property."

9 The Commission was careful not to
10 reach that conclusion at that time.

11 MR. AURIEMMA: I agree with that. I
12 think that "would" either--probably should be a
13 "could."

14 CHAIRMAN PERSKIE: Could, or might,
15 or may be, or perhaps, or with luck, any of those
16 other type of words.

17 MR. AURIEMMA: I agree with that.

18 CHAIRMAN PERSKIE: Okay.

19 Mr. Fusco.

20 MR. FUSCO: We would object to that
21 change. It's kind of late in the day to change it.

22 CHAIRMAN PERSKIE: Okay, Fusco is
23 awake. We're in trouble.

24 D-10, with the modification
25 indicated, will be received and marked into evidence.

1 It's much easier when you were asleep before.

2 The applicants' exhibits, the new
3 ones, we will not, unless somebody specifically asks
4 us, go back and revisit the ones that were not
5 received at prior proceedings, but starting with A-54
6 and 55, 55A, 56, 57, 58, 59, 59A, 59B and 60, those,
7 Mr. Fusco, are all offered?

8 MR. FUSCO: If I may because certain
9 things have developed as we go, Mr. Chairman, I think
10 A-54 will be offered, A-55 will not be, because A-55A
11 would supersede it--

12 CHAIRMAN PERSKIE: All right.

13 MR. FUSCO: --which is the executed
14 term sheet as opposed to the unexecuted term sheet.

15 CHAIRMAN PERSKIE: So A-55 is held.

16 MR. FUSCO: We do not offer that, Mr.
17 Chairman.

18 CHAIRMAN PERSKIE: All right, that's
19 fine.

20 Any others?

21 MR. FUSCO: A-56 is offered, A-57 is
22 offered, A-58 is offered, A-59 is offered, and the
23 Chair has made reference to 59A and B, they are also
24 offered.

25 CHAIRMAN PERSKIE: And 60?

1 MR. FUSCO: And A-60 is offered as
2 well.

3 CHAIRMAN PERSKIE: Mr. Auriemma?

4 MR. AURIEMMA: I have no objection to
5 any of those.

6 CHAIRMAN PERSKIE: All of those
7 documents, without objection, will be received and
8 marked into evidence.

9 (The above-mentioned documents were
10 received and marked into evidence.)

11 CHAIRMAN PERSKIE: Now, as to
12 documents or exhibits, Counsel, have we left anything
13 out?

14 MR. FUSCO: I'm sorry, Mr. Chairman,
15 27C, A-27C.

16 CHAIRMAN PERSKIE: Wait a second.
17 A-27C is a--oh, the services
18 agreement as of April 1?

19 MR. FUSCO: That's correct, Mr.
20 Chairman.

21 CHAIRMAN PERSKIE: All right.

22 MR. AURIEMMA: I have no objection to
23 that.

24 CHAIRMAN PERSKIE: That's the one for
25 which our approval today is sought.

1 MR. FUSCO: That's correct.

2 CHAIRMAN PERSKIE: In its most recent
3 incarnation?

4 MR. FUSCO: Yes, Mr. Chairman. The
5 only change is as to the effective date. That's the
6 only change--

7 CHAIRMAN PERSKIE: Without objection,
8 the document will be received and marked into
9 evidence.

10 (A-27C received and marked in
11 evidence.)

12 MR. AURIEMMA: I think there might be
13 one or two others that Mr. Fusco has spliced into the
14 existing numbers. For example, I think A-1F might be
15 one.

16 MR. FUSCO: Correct.

17 Mr. Chairman, if we could, I know
18 what Mr. Auriemma is speaking of. I will handle what
19 he said. A-1F and A-1G will be offered.

20 A-1F is Amendment No. 6 to the
21 registration statement regarding the Taj Mahjal, and
22 A-1G is the solicitation of the prospectus that was
23 sent to the bondholders, which essentially reflects
24 A-1F. There would be no need, I think, to mark A-1C,
25 D, or E, which are interim amendments. There is no

1 need to offer them into evidence.

2 CHAIRMAN PERSKIE: Except perhaps to
3 explain the otherwise inexplicable of what the SEC was
4 doing all these weeks.

5 MR. FUSCO: Yes.

6 CHAIRMAN PERSKIE: But that's another
7 subject for another day.

8 You're offering F and G?

9 MR. FUSCO: Yes, sir.

10 MR. AURIEMMA: I have no objection.

11 CHAIRMAN PERSKIE: A-1F and A-1G will
12 be received and marked into evidence without
13 objection.

14 (A-1F and A-1G received and marked in
15 evidence.)

16 MS. BIACHE: Mr. Chairman, we have
17 still A-41B and A-41C.

18 MR. FUSCO: That's right. That was
19 the next one. A-41B and A-41C are the two loan
20 agreements, or Promissory Notes, Indenture of Mortgage
21 and option agreements relating to the transaction with
22 the Trump Plaza Associates. That was described in
23 A-41A which was the--it's related to the sinking fund
24 payments just made, Mr. Chairman.

25 CHAIRMAN PERSKIE: Okay. That's the

1 agreement to--

2 MR. FUSCO: Notes in exchange for the
3 bonds, \$25 million.

4 MR. AURIEMMA: I have no objection.

5 CHAIRMAN PERSKIE: All right. Those
6 documents will be received and marked in evidence as
7 well.

8 (A-41B and A-41C received and marked
9 in evidence.)

10 CHAIRMAN PERSKIE: It's, of course,
11 clear from one of the documents, I believe, or would
12 it be that one that the--we have another document
13 evidencing the payment of the interest of the Plaza
14 the other day, that's already in.

15 MR. FUSCO: Yes.

16 CHAIRMAN PERSKIE: Are these the
17 documents that evidence the compliance--

18 MR. FUSCO: These are the contracts
19 which are executed, which are the contracts that
20 closed which gave rise to the exhibits which indicate
21 that the interest payments were made.

22 CHAIRMAN PERSKIE: So with that
23 document and the letter on the interest payments, that
24 hurdle may be considered to have been crossed.

25 MR. FUSCO: You are correct.

1 MR. AURIEMMA: Correct.

2 CHAIRMAN PERSKIE: All right.

3 Does that finish the discussion for
4 the moment with respect to exhibits or documents?

5 MR. FUSCO: Yes, Mr. Chairman, I
6 believe it does.

7 MR. AURIEMMA: Yes, it does, Mr.
8 Chairman.

9 CHAIRMAN PERSKIE: All right.
10 Obviously, we have, except for the ones that we just
11 got today, which are in the high fifties and 60, we
12 have had the opportunity to review these.

13 There are a number of questions that
14 some of us have, obviously, with respect to some of
15 the agreements, but we will deal with those questions
16 I presume, when testimony is presented.

17 Any stipulations, beyond those that
18 are already in the record?

19 MR. AURIEMMA: I don't believe there
20 are any.

21 MR. FUSCO: None, sir.

22 CHAIRMAN PERSKIE: There are two
23 miscellaneous applications--I call them miscellaneous
24 only because they are important, but it's tangential
25 to the main issues of the day--relating to the

1 application of the petition, to approve the stock
2 transfer and the Taj financing. This is transfer, I
3 believe, from Donald Trump to Taj funding. Is that
4 the one?

5 MR. FUSCO: No. The stock is in
6 Trump Taj Mahal, Inc., and it's a transfer from Mr.
7 Trump to the corporation TTMI, Trump Taj Mahal, Inc.

8 CHAIRMAN PERSKIE: Okay, that's it.
9 We have the petition on that.

10 Mr. Auriemma, have you had an
11 opportunity to review that?

12 MR. AURIEMMA: Yes.

13 We have no objection to that because
14 we believe when we were here on January 29th that the
15 transfer that's evidence of the most recent petition
16 was understood to have been part of the overall Taj
17 restructuring, and I think it really should have been
18 done on January 29th, it was just a slight oversight,
19 and, therefore, we would have no objection to it.

20 CHAIRMAN PERSKIE: Do you desire to
21 be heard, Mr. Greenberg?

22 MR. GREENBERG: No, sir.

23 CHAIRMAN PERSKIE: Anybody on the
24 Commission have any question with respect to the
25 petition for the approval of that transfer?

1 Hearing none, I will entertain a
2 motion to the approval of that transfer.

3 VICE CHAIR ARMSTRONG: So moved.

4 CHAIRMAN PERSKIE: All in favor will
5 so indicate.

6 (All Commissioners present voted in
7 favor of the motion.)

8 CHAIRMAN PERSKIE: The record will
9 reflect that that motion carries unanimously.

10 Then there is a petition for the
11 approval of the services agreement. This is the one
12 believe we have just marked into evidence as--

13 MR. AURIEMMA: A-27C.

14 CHAIRMAN PERSKIE: A-27C.

15 It being understood, I assume, Mr.
16 Fusco and Mr. Moles, that the approval is subject to
17 the understanding and the license condition that any
18 payment to be made under the proposed service
19 agreement would itself have to be subject to an
20 application to and approval by the Commission, save
21 for the license exemptions that we have already put in
22 as a license condition.

23 MR. FUSCO: We understand that will
24 be a separate petition seeking authorization for
25 payments under the agreement. We are seeking to have

1 the agreement approved--

2 CHAIRMAN PERSKIE: Subject to that
3 understanding.

4 MR. FUSCO: Yes, sir.

5 CHAIRMAN PERSKIE: Mr. Auriemma?

6 MR. AURIEMMA: Yes, we have no
7 objection to that. That's our understanding as well.
8 It will just be an approval under Section 104 of the
9 statutes, subject to further petition.

10 CHAIRMAN PERSKIE: Mr. Greenberg, do
11 you desire to be heard?

12 MR. GREENBERG: Give me one second,
13 your Honor, Judge, Chairman.

14 CHAIRMAN PERSKIE: Whatever.

15 MR. GREENBERG: We have no objection,
16 no comment.

17 CHAIRMAN PERSKIE: Anybody on the
18 Commission have any questions with respect to that
19 application?

20 Entertain a motion to approve the
21 proposed services agreement as indicated on document
22 A-27C, subject to the license conditions previously
23 imposed.

24 COMMISSIONER HURLEY: So moved.

25 VICE CHAIR ARMSTRONG: Second.

1 CHAIRMAN PERSKIE: All in favor so
2 indicate.

3 (All Commissioners present voted in
4 favor of the motion.)

5 CHAIRMAN PERSKIE: The record will
6 reflect that that motion carries unanimously as well.

7 Counsel, for your assistance in
8 scheduling and in the presentation of the matter, it
9 is the Commission's intention to proceed in a moment
10 and to take the balance of the afternoon up to
11 somewhere probably this side of 4:30 a little bit and
12 then to reconvene tomorrow morning to continue.

13 It is our expectation, but not our
14 certainty, that all of the presentation that is
15 necessary to be made can be accomplished by tomorrow
16 and we would like you to be able, if we reach that
17 point, to make your final arguments by the close of
18 the proceedings tomorrow afternoon.

19 I'm not trying to restrict you. If
20 more time is needed, we will make it available. But
21 judging by what we have seen and heard, it's our
22 expectation that we can probably get to that point of
23 the proceedings tomorrow.

24 Whether the Commission is in a
25 position on Wednesday or Thursday or Friday of this

1 week to make a determination is not something that we
2 will know at the least before tomorrow, and maybe not
3 until Wednesday, but we have taken steps to be legally
4 in a position to be able to render a decision in the
5 matter on any one of those days where we would be in a
6 position to do so. Obviously, as soon as we have some
7 sense of where we are schedule-wise, I'll let you
8 know.

9 Is there anything else that needs to
10 be brought to our attention before we commence with
11 the proceedings this afternoon?

12 MR. AURIEMMA: No, Mr. Chairman.

13 MR. FUSCO: Mr. Chairman, did you
14 state on the record what order you wanted us to
15 proceed.

16 CHAIRMAN PERSKIE: I didn't. I was
17 just about to do that. I was going to invite your
18 attention, obviously, Mr. Fusco, you and your
19 associates are the applicants and can present your
20 matter in any way you want.

21 We would suggest that the most
22 effective way to present it is to address first the
23 several issues and concerns respecting the Trump
24 organization as that would in common effect all three
25 of the licensees. And then, after those issues have

1 been addressed, the licensees can be addressed, and
2 our suggestion is that you should proceed down the
3 Boardwalk, as it were, starting with the Plaza and
4 going to the Taj and finishing up around the corner at
5 the Marina.

6 MR. FUSCO: One minute.

7 CHAIRMAN PERSKIE: If there is a
8 serious problem with that, let us know and we'll fix
9 it.

10 MR. FUSCO: Thank you.

11 (Off the record.)

12 CHAIRMAN PERSKIE: So that the record
13 is clear, the public is advised that very substantive
14 discussion had to do with scheduling problems of
15 witnesses, and essentially do whatever you need to do,
16 and let's get started.

17 Are there going to be opening
18 statements?

19 MR. FUSCO: Yes, Mr. Chairman. I'm
20 sorry, yes.

21 CHAIRMAN PERSKIE: Do you have an
22 opening statement?

23 MR. FUSCO: Yes.

24 CHAIRMAN PERSKIE: You may proceed.

25 MR. FUSCO: Members of the

1 Commission:

2 These resumed casino license
3 proceedings concern the financial stability of Donald
4 Trump and his three Atlantic City casinos, which
5 comprise one-fourth of this New Jersey industry.

6 You have previously been presented
7 with evidence of the strong new management which has
8 been established at each casino and the addition of
9 Mr. Bollenbach and Mr. Ribis to executive management
10 at the Trump organization.

11 Since August 1990, the licensees have
12 reported regularly to you and the Division, as both
13 agencies have monitored the financial condition of
14 each Trump entity. Mr. Trump and his licensees have
15 diligently and successfully pressed forward to
16 restructure company debt.

17 It is again appropriate to note that
18 for many years Mr. Trump has put his money, energy and
19 effort into New Jersey and its casino industry and
20 that, more than any single individual anywhere, he has
21 responded to the legislative goal of revitalizing the
22 New Jersey hospitality industry and restoring Atlantic
23 City to its status as a major hospitality center in
24 the United States. With his characteristic diligence
25 and energy, he has now achieved plans which establish

1 financial stability at the Trump organization in each
2 of his operating licenses.

3 Nine weeks ago, on April 18, the
4 Commission renewed the Taj Mahal casino license on the
5 basis of detailed and comprehensive restructuring
6 plans regarding a prepackage reorganization of the Taj
7 Mahal and an overall restructuring of the financial
8 obligations of Mr. Trump to certain banks.

9 The Commission then determined to
10 resume these proceedings on the issue of financial
11 stability. The Taj Mahal registration statement has
12 now been declared effective, and more than the
13 required number of bondholders have advised that they
14 will accept the plan.

15 Agreement for restructuring the bank
16 debt of Mr. Trump has now been reduced to executed
17 term sheets, which is now Exhibit A-54 in evidence.

18 The licensees submit that the Taj
19 Mahal, through the bondholder acceptance of its
20 reorganization plan, and Mr. Trump, by virtue of the
21 executed term sheet, have now achieved financial
22 stability for the applicable license period.

23 As to the Taj Mahal, in addition to
24 exhibits admitted in evidence today, you will again
25 hear from Mr. Ribis and bondholder financial advisor,

1 Wilbur Ross.

2 As to the Trump organization, in
3 addition to the exhibits, you will again hear from Mr
4 Bollenbach, who, as you will recall, in April
5 testified that bank executed term sheets would be
6 provided to you by today. Mr. Bollenbach will
7 describe the content of the agreement with these banks
8 and the timetable for their closure.

9 After closure on these transactions,
10 Mr. Trump's assets will provide him with a very
11 substantial net value in not only his three New Jersey
12 casinos, but also in his New York real estate
13 holdings, which include Trump Tower, the Plaza Hotel,
14 and his Hudson River Waterfront Development Project.

15 Six weeks ago, on May 8th, the
16 Commission renewed the Trump Plaza and Trump Castle
17 casino licenses on the basis of two workable plans
18 that deal effectively with the debt service
19 requirements regarding interest and sinking fund
20 payments due today to casino bondholders, and again
21 scheduled proceedings to resume today on the issue of
22 financial stability.

23 At Trump Plaza, the transaction with
24 Fidelity Management Research Corporation closed last
25 week on June 11th, which is Exhibit A-41B and C, and

1 together with cash from operations permitted Trump
2 Plaza to satisfy the interest in sinking fund payments
3 due to its bondholders.

4 At the Castle, the contemplated
5 exchange offer and asset sale transactions have been
6 significantly improved upon and replaced by a
7 comprehensive reorganization plan accepted by the
8 Bondholder Steering Committee, as is outlined in the
9 executed term sheet dated June 14 and marked as
10 Exhibit A-55A.

11 As to Trump Plaza, Mr. Ribis will
12 testify about the completed Fidelity Management
13 transaction as well as the arrangements by Trump Plaza
14 for an ongoing line of bank credit.

15 As to the Castle, Mr. Ribis will
16 describe the principal terms agreed upon with the
17 Bondholder Steering Committee and the financial
18 stability which the plan will achieve at the Castle.

19 Warren Foss, of Scully Brothers &
20 Foss, who are the financial advisors to the Steering
21 Committee, will also testify about the plan, its
22 timetable, the Steering Committee, the bondholders,
23 his experience in transactions of this type, and the
24 financial stability of the Castle.

25 At the conclusion of these resumed

1 proceedings, the licensees submit that the evidence
2 will clearly and convincingly establish their
3 financial stability and the financial stability of Mr
4 Trump.

5 CHAIRMAN PERSKIE: Mr. Auriemma.

6 MR. AURIEMMA: Good afternoon,
7 members of the Commission.

8 These consolidated proceedings, which
9 will commence today, although required by Commission
10 order, are part of an ongoing process of review that
11 has been in place for approximately one year now.

12 While these hearings certainly do not
13 represent the beginning of the regulatory review
14 process, they also do not constitute the end. The
15 Division believes that these three casino licensees
16 and qualifier Donald J. Trump are on a path, a
17 positive path toward resolving their respective
18 financial problems.

19 Since we were last before you on May
20 8th, a number of significant developments have
21 occurred.

22 First, with respect to Donald Trump,
23 term sheet agreements have been reached between him
24 and the banks. During the course of these
25 proceedings, we expect that a full and complete

1 understanding of the implication of these agreements
2 will be presented to the Commission. In particular,
3 we expect to comprehend the effect of these agreements
4 upon the three Trump casino licensees.

5 Included within that presentation, we
6 hope, will be a realistic assessment of a length of
7 time that will be necessary to fully implement the
8 skeletal agreements and execute the final documents.

9 Second, with respect to the Taj Mahal
10 restructuring, it is fair to say that the process has
11 been much slower than anticipated. Nevertheless, the
12 formal solicitation process has now commenced and a
13 date for filing of a prepackage bankruptcy seems
14 reasonably certain, that is mid July.

15 Of course, that bankruptcy process
16 will still consume a number of months before it is
17 completed. However, we believe the licensee should
18 present evidence today or tomorrow as to the progress
19 that has been made from June 6th to the present
20 regarding this formal solicitation process.

21 Third, at the Trump Plaza we know
22 that the bondholder interest and sinking fund payments
23 were made in a timely fashion. Our focus now should
24 be on the adequacy of that licensee's resources to
25 operate and we as regulators should be assured that

1 the public interest is protected in this regard.

2 Fourth, and last, the Castle presents
3 a far different picture. When we were here on April
4 29th and May 8th with respect to the Castle, the
5 testimony presented was focused upon a proposed bond
6 exchange for a new A 3 series of bonds, which it was
7 represented that it would satisfy the \$22.7 million
8 sinking fund payment to Castle bondholders.

9 Additionally, it was testified that
10 cash flow from the Castle's operations and asset sales
11 would be sufficient to permit a timely payment of
12 interest to the bondholders. The foregoing has not
13 come to pass.

14 Recently, negotiations commenced with
15 the Steering Committee of Castle bondholders to
16 restructure the Castle. Earlier today the term sheet
17 was apparently signed, and which has been admitted
18 into evidence a few moments ago. In a simplistic way,
19 we can say that such a term sheet agreement is
20 Taj-like in nature. Thus, we should examine it in
21 that light--

22 CHAIRMAN PERSKIE: Have you now
23 coined a new phrase, Mr. Auriemma?

24 MR. AURIEMMA: I hope so.

25 We should examine it in that light

1 and fully comprehend what steps will be necessary to
2 implement it and understand the length of time that it
3 will take before the process is complete.

4 Thank you.

5 CHAIRMAN PERSKIE: That phrase, I'm
6 afraid, Mr. Auriemma, may come back to haunt us all.

7 Mr. Greenberg, Mr. Ehrenberg, I think
8 the easiest way to handle this is simply to ask you to
9 invite yourselves to participate, if the spirit moves
10 you, rather than having me keep asking you if you have
11 anything to say and not having anything to say.

12 MR. GREENBERG: I appreciate that.
13 I'm not so moved at the present time.

14 CHAIRMAN PERSKIE: That's very
15 desirable, Mr. Greenberg. But if the occasion
16 presents itself, you will let me know.

17 Mr. Ehrenberg--

18 MR. EHREMBERG: I will join my
19 friend.

20 CHAIRMAN PERSKIE: Mr. Fusco, your
21 ball.

22 MR. FUSCO: I would like to call Mr.
23 Ross, Wilbur Ross.

24 W I L B U R L. R O S S, J R., having been first
25 duly sworn, testified as follows:

Ross - direct by Fusco

1 CHAIRMAN PERSKIE: Mrs. Fusco, for
2 the assistance of the Commission, as well perhaps of
3 Mr. Auriemma, if you know that any witness is going to
4 be testifying from any exhibits or documents, would
5 you sort of flag that for us so we can get them out of
6 the boxes that we have?

7 MR. FUSCO: A-59A and A-59B with
8 regard to Mr. Ross.

9 DIRECT EXAMINATION

10 BY MR. FUSCO:

11 Q Mr. Ross, you, of course, testified before
12 the Commission during April with regard to the
13 restructuring of the Taj Mahal?

14 A I did, sir.

15 Q And you, of course, are a senior partner
16 at Rothschild, the financial advisor to the Steering
17 Committee?

18 A I am, sir.

19 Q And could you describe to the Commission
20 the status--well, let me ask you this. The
21 registration statement has been declared effective by
22 the Securities and Exchange Commission; is that not
23 so?

24 A Yes, on June 5th.

25 Q And a solicitation of bondholders for

Ross - direct by Fusco

1 acceptances of the plan has been undertaken?

2 A It has, sir.

3 Q Could you report--and that commenced on
4 what date, sir?

5 A It commenced several days thereafter,
6 because while it was cleared on the 5th, there was
7 then printing time and mailing time, so I would say
8 the early part of the next week is when it began.

9 Q And could you advise the Commission as to
10 the status of the solicitation for acceptances?

11 A Yes. Since then we have been in touch
12 with the holders of somewhat over 90 percent of the
13 675 million in bonds, and of those an aggregate of
14 557,295,000, or 82.56 percent, have indicated in one
15 form or another that they will support the plan. That
16 constitutes an aggregate of more than a hundred
17 holders saying that they will accept it.

18 To date, only one holder has
19 indicated a negative vote, and that is a private
20 individual owning \$20,000.00 principal amount of the
21 bonds.

22 Q In your view, will the reorganization give
23 the Trump Taj Mahal stability through the license
24 period?

25 A I believe so, yes, sir.

Ross - direct by Fusco

1 Q And is this level of approval adequate for
2 approval of the plan?

3 A I believe so. There are, needless to say,
4 a myriad of mechanical developments that have to occur
5 relating to the bankruptcy court orders, relating to
6 the formalization of the \$50 million and \$25 million
7 lines of credit and everybody's approval to them. But
8 other than those, I know of no other reason that could
9 possibly interfere with this.

10 MR. FUSCO: Mr. Chairman, we would
11 have offered Mr. Ross after Mr. Ribis, but they are
12 the questions I have of Mr. Ross at this point in
13 time.

14 CHAIRMAN PERSKIE: Mr. Auriemma.

15 CROSS-EXAMINATION

16 BY MR. AURIEMMA:

17 Q Good afternoon, Mr. Ross.

18 A Good afternoon, sir.

19 Q With respect to your comment that you were
20 in touch with approximately 90 percent of the holders
21 of the Taj bond, does that include the bond held by
22 Mr. Icahn's company?

23 A It does, sir.

24 Q And is it your representation that based
25 on your conversations or your knowledge of Mr. Icahn's

Ross - cross by Auriemma

1 company that he will support this particular plan?

2 A I believe, as I say, subject to all of the
3 other mechanical conditions being met, the bankruptcy
4 court approval, the securing of the lines of credit,
5 and all that, I believe he will.

6 I also believe his counsel is here
7 and, therefore, could provide whatever clarification
8 you might need.

9 Q Do you have before you Exhibit A-59B?

10 A Yes, I do, sir.

11 Q And that was prepared by an individual
12 named Harvey Hepner?

13 A Yes. He is an employee of my firm.

14 Q And so that we all understand what this
15 exhibit represents, as of today, June 17th, is it fair
16 to say that 42.78 percent of the holders of the bonds
17 have actually voted in favor of the plan?

18 A Well, it depends how you define "actually
19 voted." The trustee of the bank in Minneapolis, the
20 First Bank National Association, had processed as of
21 noontime today 288,795,000 of the bonds, which
22 represents 42.78 percent.

23 Beyond that, there were additional
24 holders other than Mr. Icahn of 118,500,000, for 17.56
25 percent, who tell us they have sent instructions to

Ross - cross by Auriemma

1 their custodial agents to send the votes in to the
2 bank. Those bonds are somewhere between the
3 beneficial owner, its holder of record, the bank
4 custodian, and the First Bank of Minneapolis.

5 Q That 17.56 percent, that's based upon oral
6 communications that you or members of your company
7 have had with these bondholders?

8 A Oh, yes, indeed.

9 Q You also indicated in response to a
10 question by Mr. Fusco that approximately 100 holders
11 have indicated that they would vote for this
12 particular plan?

13 A Well, the bank has processed a total of
14 103 ballots, of which 102 were in favor, one was
15 against. We have been in touch with a good deal more
16 than that, all of whom, as far as I know--all of whom
17 are in favor. So it's quite a bit more than a
18 hundred, but the bank has actually processed 103.

19 Q In order for this plan to be filed as a
20 prepackage bankruptcy and to be acceptable ultimately
21 as a prepackage bankruptcy, there are certain
22 percentages that are required under the bankruptcy
23 code, I believe. Is that fair to say?

24 A I'm not a lawyer, but to my layman's
25 understanding, there are two sets of percentages that

Ross - cross by Auriemma

1 are required. The first is two-thirds in amount of
2 those who actually vote, not of the total issue, but
3 of those who actually vote.

4 So, for example, if no more bonds
5 voted than the ones that were already processed by the
6 bank, you would have 288,795,000 affirmative dollar
7 votes, 20,000 negative dollar votes, and, therefore,
8 99.999 affirmative votes. So that would meet the vote
9 by number--by amount.

10 Similarly, of the 103 individual
11 holders who voted, 102 have voted in favor, and that
12 would very handily accomplish the requirement of more
13 than 50 percent by number.

14 Q And that's the other criteria, 50 percent
15 by number?

16 A Yes, sir. So that if the end of the
17 balloting were today, both requirements would have
18 already been met.

19 Q And based on your understanding and
20 knowledge of the plan and the solicitation process, is
21 it fair to say that the solicitation will be completed
22 by July 15th?

23 A Oh, I have no doubt about that. When I
24 testified in April, I testified I believe something
25 like 90 percent would vote in favor of the plan. I

Ross - by Chairman Perskie

1 have no reason whatever to change that view as we sit
2 here.

3 Q And you would expect that once the
4 solicitation is complete, the prepackage bankruptcy
5 could be filed in short order?

6 A Oh, absolutely.

7 MR. AURIEMMA: I have nothing
8 further.

9 EXAMINATION

10 BY CHAIRMAN PERSKIE:

11 Q Mr. Ross, how many bondholders are there?

12 A In round numbers, 150, 155 that we know
13 of.

14 Q And they hold 675 million?

15 A Yes, sir.

16 Q So two-thirds of that would be 450
17 million.

18 A That's correct.

19 Q So if everybody voted, you would need 450
20 million dollars' worth and you would need, let's call
21 it, 80 to approve?

22 A Yes, sir.

23 Q And you've already got over 80--

24 A Yes. I think it's mathematically
25 impossible to lose the vote by number at this point.

Ross - by Chairman Perskie

1 Q With one exception that I'll get back to.

2 Now, you don't have, however, the 450
3 million. You have, according to the--I'm not quite
4 sure how to square 59A and 59B. 59A says--

5 A I can show you how to do it, sir.

6 Q Go ahead.

7 A In 59A, if you go to number 3, you will
8 see the number--

9 Q 216.

10 A 216,684--

11 Q Right.

12 A --and I assume your question is, how do
13 you get from there to the 287,433,000.

14 Q Am I that transparent?

15 Yes, that's my--that's my first
16 question.

17 A Then if I may answer your first question.

18 If you will turn to item 6 on page 2,
19 you will note that First Bank has received letters of
20 intent from 72,111,000. God willing, if you add the
21 216,684,000 and the 72,111,000, you will derive
22 something like the 287,433,000.

23 Q Well, actually, you get to 795 by adding
24 in the individual holders. But that means then that
25 you have added in--what is this letter of intent?

Ross - by Chairman Perskie

1 What is that?

2 A That's a--

3 Q How is it different from a vote?

4 A Well, to me, there is no substantive
5 difference among all of the three categories: the
6 votes, as the bank defines them; the letters of
7 intent; and what I call the oral things, because the
8 real world is that the holders have found the deal
9 quite acceptable. So to me, as a lay person, that's
10 sort of a formality.

11 Q Forget the oral for a minute.

12 What's the difference between sending
13 in a vote of yes and sending in a letter of intent to
14 vote yes?

15 A The only--as I understand it, the only
16 party who can actually vote is the holder of record.
17 And generally with institutions, and most of these
18 bonds are held by institutions, the actual beneficial
19 holder is not the holder of record. The insurance
20 companies and other entities generally use the bank as
21 a matter of convenience. So the 72,111 would be
22 letters where the beneficial holder confirms that he
23 is going to vote for the plan and has directed his
24 custodian to do so, but the paperwork has not yet come
25 in from the custodian.

Ross - by Chairman Perskie

1 Q Who does that letter of intent go from and
2 who does it go to?

3 A Now you're getting more technical than I
4 can deal with, but I believe it's from the beneficial
5 holder to the custodian, but I'm not a back-office
6 expert.

7 Q Now, 59A, it says at paragraph 5 that "the
8 vote tallies are subject to the rights of the holders
9 to revoke the votes as described in the prospectus."

10 A Yes. It's my understanding that in this
11 matter, as in all other similar matters, until the
12 date when the petition was actually filed, until the
13 end of the solicitation period, as a technical matter,
14 any or all of these could be revoked.

15 Now, that has always been inherent in
16 the process, and, as I say, it's nothing unique to
17 this situation. That's just the SEC rules, as I
18 understand it.

19 Now, I might add, that I've never
20 seen it happen.

21 Q Nevertheless, the SEC doesn't have to be
22 concerned with whether a potential revocation affects
23 the financial stability of a licensee of the Casino
24 Control Commission, does it?

25 A I have great difficulty understanding

Ross - by Chairman Perskie

1 exactly what they are and are not concerned with, sir

2 Q All right.

3 Now, this 288 million does not
4 include Mr. Icahn; is that correct?

5 A The 288, no, it does not include Mr.
6 Icahn.

7 Q How much does he have?

8 A Mr. Icahn holds 150 million, or perhaps
9 slightly more, representing 22.22 percent of the
10 issue.

11 Q So that if you added Mr. Icahn to the 288
12 you get 64--65 percent on the money?

13 A You would get exactly 65 percent, yes,
14 sir, of the total outstanding.

15 Q So to get to 67, you would need two
16 percent more, about another \$13 million?

17 A \$13,500,000 face amount.

18 As I say, I really don't think the
19 arithmetic is an issue, as you can see by the
20 proportions that we have here.

21 CHAIRMAN PERSKIE: Anybody else on
22 the Commission have any questions of the witness?

23 Commissioners Waters, or Vice Chair.

24 EXAMINATION

25 BY VICE CHAIR ARMSTRONG:

Ross - by Vice Chair Armstrong

1 Q Can you clarify Mr. Icahn's status at this
2 point? He has not formally voted yet?

3 A Mr. Icahn has indicated to me, as have his
4 people, and I believe his counsel is here, and who
5 could perhaps clarify it even further, I believe that
6 assuming that all the other pieces are put together,
7 the bankruptcy petition filed, the lines of credit are
8 all put together, and all that, I believe that Mr.
9 Icahn will vote for the plan, and he has so indicated
10 to me.

11 VICE CHAIR ARMSTRONG: I hope
12 somebody is going to clarify this for me, because--

13 CHAIRMAN PERSKIE: There's no--I
14 mean, I sense the Vice Chair's discomfort.

15 Let me make it very clear. He is
16 going to vote for this plan before we are, Mr. Fusco.
17 Are we clear?

18 MR. FUSCO: That's pretty clear, Mr.
19 Chairman.

20 CHAIRMAN PERSKIE: Okay.

21 EXAMINATION

22 BY COMMISSIONER WATERS:

23 Q Commissioner Armstrong had the same
24 question I had. I guess it's kind of late in the game
25 to be doing this, but I understood last time around

Ross - by Commissioner Waters

1 when we met there was no question on the part of Mr.
2 Icahn being signed, and I didn't hear any conditions
3 mentioned at that time. And, as a chairman has
4 indicated, it sounds now as though he's not going to
5 sign until everything else is wrapped up, and, if
6 that's the case, then it will never happen.

7 A If I gave you that impression, sir, I
8 think I did the licensee and Mr. Icahn a disservice.

9 I believe that last time Mr. Icahn's
10 position was that he had agreed to the deal in
11 principle, that he had not seen the detailed
12 paperwork, and that, therefore, his approval was
13 contingent upon reading this great gigantic document
14 that the SEC finally approved.

15 The document that they approved,
16 because of when it came through and the millions of
17 other things that have been going on, certain items
18 that will be needed for the final closing do not yet
19 exist; for example, the loan agreements with the
20 banks.

21 There were a \$50 million line of
22 credit and \$25 million line of credit that have always
23 been a part of the plan. Everybody knows that, and
24 that's part of what we're voting on.

25 Nobody has seen--we have not seen,

Ross - by Chairman Perskie

1 nor has the Trump organization people, as far as I
2 know, any detailed term sheets from the banks.

3 So all that is, I believe, is that
4 it's the position of Mr. Icahn and others that they
5 can't approve something they've never seen any more
6 than you could. So it is not any kind of a desire to
7 delay or to be obstructive; it's just that a few of
8 the documents do not exist.

9 BY CHAIRMAN PERSKIE:

10 Q Well, our approval of those nonexistent
11 documents is being sought here today; is it not?

12 A I don't know, sir. I'm here to talk about
13 where the bondholders stand, and I'm having my hands
14 full doing that.

15 Q So far as I understand you, you're telling
16 me that, subject to revocation, I can rely on 42.78.

17 A I believe in substance you can rely on
18 the--

19 Q That's what I have in my hand, in other
20 words, at this point?

21 A That's what the bank in Minneapolis has
22 processed so far, yes, sir.

23 CHAIRMAN PERSKIE: I gottcha.

24 Anybody else have any questions of
25 the witness?

Ross - further cross by Auriemma

1 Counsel, any further questions of the
2 witness?

3 MR. FUSCO: I have nothing further.

4 MR. AURIEMMA: I just have one
5 question.

6 FURTHER CROSS-EXAMINATION

7 BY MR. AURIEMMA:

8 Q Mr. Ross, assuming that the \$400 million
9 of credit line for the Taj is not obtained until after
10 July 15th, is it your impression that Mr. Icahn would
11 not vote or would vote in the negative if that were to
12 occur?

13 A Well, I don't know the answer, but I have
14 every confidence that those lines of credit will be
15 approved. Those, as I think you're aware, would be
16 the senior most obligations of the whole Taj. So our
17 675 million in bonds, the First Fidelity notes, the
18 National Westminster notes, everything else would be
19 downstairs to them.

20 So I find it very difficult to
21 imagine as a credit matter that there would be a lot
22 of difficulty getting 75 million credit as the senior
23 most thing. So I don't think the problem is will we
24 get the credit. All that is needed is for there to be
25 obtained and to make sure that it's on commercially

Ross - further cross by Auriemma

1 reasonable terms.

2 Q But isn't it a fact that Mr. Icahn's votes
3 would have--or may have to occur prior to July 15th
4 and that the actual documentation on those senior
5 loans may not come until after that date?

6 A My impression is that it will be
7 forthcoming quite quickly. I don't believe that--they
8 are not at the beginning of the process; they are well
9 along in it, as I understand it. It's just that with
10 the SEC, for whatever reason, requiring the six
11 amendments and not clearing them until June instead of
12 May, the kind of limited staff has been a little bit
13 preoccupied about trying to get the matter through the
14 SEC. So I don't think that there is anything to
15 indicate that there are any substantive problems.
16 It's just that the documents don't exist.

17 MR. AURIEMMA: Thank you.

18 CHAIRMAN PERSKIE: You may step down,
19 sir. Thank you very much.

20 MR. FUSCO: May I have one minute,
21 please, Mr. Chairman?

22 (Off the record.)

23 MR. FUSCO: Mr. Chairman, I call
24 Warren Foss. We will address the interest of the
25 Commission, I assure you. I will not--

Foss - direct by Fusco

1 CHAIRMAN PERSKIE: I have, Mr. Fusco
2 not the slightest doubt about it, because I don't want
3 you to have the slightest doubt, or anybody else, this
4 is going in nowhere until we see 67 percent signed,
5 sealed and delivered. I mean, how many more times I
6 got to say it that way?

7 MR. FUSCO: I understand.

8 CHAIRMAN PERSKIE: If you can do
9 without Icahn, that's fine, and if you need Icahn,
10 that's fine, too, but it's got to be signed, sealed
11 and delivered here. So far, for this purpose, I make
12 it at 42.78, and counting.

13 MR. FUSCO: I understand.

14 CHAIRMAN PERSKIE: Your witness.

15 MR. FUSCO: It's not lost, Mr.
16 Chairman, but I'm attempting to go forward--

17 CHAIRMAN PERSKIE: Proceed. We are
18 nothing if not patient.

19 MR. FUSCO: I will call Warren Foss.
20 W A R R E N M. F O S S, J R., having been first
21 duly sworn, testified as follows:

22 DIRECT EXAMINATION

23 BY MR. FUSCO:

24 Q Mr. Foss, could you describe your
25 association with Scully Brothers & Foss?

Foss - direct by Fusco

1 A I'm a founding partner of the firm. The
2 firm was founded in 1988.

3 Q And what is your relationship to the Trump
4 Castle Bondholder Steering Committee?

5 A We are the financial advisor to the
6 Steering Committee of the Trump Castle bondholders.

7 Q And for how long have you been serving in
8 that capacity, sir?

9 A Our initial involvement began in December
10 last year. We have been formally engaged for the last
11 month or two.

12 Q And do you have experience in involving
13 yourself in reorganization of companies?

14 A I do, including in front of this
15 Commission.

16 Q And are you familiar with the outline of
17 principal terms dated June 15--I'm sorry, Mr.
18 Chairman, A-55A--

19 CHAIRMAN PERSKIE: 55A?

20 MR. FUSCO: 55A, 56, and 60.

21 CHAIRMAN PERSKIE: All right. Just
22 one second.

23 CHAIRMAN PERSKIE: Okay, 55A, 56, and
24 60.

25 You may proceed.

Foss - direct by Fusco

1 BY MR. FUSCO:

2 Q And the reorganization to which you made
3 reference was the reorganization of the Atlantis
4 property; is that not so, sir?

5 A That is correct.

6 Q Okay.

7 Now, could you describe what Exhibit
8 A-55A is?

9 A This is an outline of terms the Steering
10 Committee worked out largely by Friday afternoon, last
11 week, with the Trump organization with respect to the
12 proposed restructuring of the Trump Castle first
13 mortgage bonds.

14 Q And just so we get the exhibits straight,
15 Exhibit A-56 is what, sir?

16 A I believe these are pro forma financial
17 results prepared by the Castle reflecting--giving
18 different levels of operating performance of what the
19 financial results of the property would look like.

20 Q So their forecast is based on the terms
21 contained in A-55A?

22 A That is my understanding.

23 Q Okay.

24 And A-60, what is that, sir?

25 A It's a press release which I believe was

Foss - direct by Fusco

1 released sometime around noon today.

2 Q Could you outline--let me ask you more
3 specifically.

4 Does the--do the principal terms that
5 are reflected in A-55A contemplate a reorganization?

6 A Yes, sir, they do.

7 Q And is there a contemplated filing of
8 registration statement?

9 A Yes, there is, on approximately August the
10 15th, or thereabouts.

11 Q And is that contained in the document
12 itself that day, sir?

13 A You mean the press release or--

14 Q No, in A-55A, the first page, in the
15 second paragraph of the first page.

16 A Yes. I'm sorry. Yes, it is.

17 Q And when is it anticipated that a
18 solicitation for bondholder acceptance would occur?

19 A Solicitation we believe will begin
20 sometime around August--correction, October 1st.

21 Q And that solicitation would conclude and
22 there would be the filing of a prepackaged
23 reorganization plan?

24 A Sometime in November, we assume.

25 Q And ultimately you would contemplate

Foss - by Chairman Perskie

1 confirmation by the--

2 A Sometime around the turn of the year.

3 Q What is the Steering Committee, sir? Who
4 comprises it?

5 A The Steering Committee consists of five
6 institutional holdings--holders rather, of the Trump
7 first mortgage bonds, Trump Castle first mortgage
8 bonds. It includes Putnam, Bearing America, Merrill
9 Lynch Asset Management, Shearson Asset Management, and
10 Packholder Associates.

11 EXAMINATION

12 BY CHAIRMAN PERSKIE:

13 Q How much do they hold?

14 A Collectively, they own approximately 33
15 percent of the first mortgage bonds of the Trump
16 Castle.

17 Q And that's 290 million?

18 A Today the accreted amount is just about
19 290. I may be off by a million or so, but it's just
20 about that amount.

21 Q So they own slightly less than a hundred?

22 A That would be about right, yes, sir.

23 DIRECT EXAMINATION CONTINUED

24 BY MR. FUSCO:

25 Q And you have indicated that you have

Foss - direct by Fusco

1 advised the Steering Committee since the month of
2 December, did you say, sir?

3 A That is correct.

4 Q In that experience, have you been in
5 contact with bondholders beyond those who are actually
6 members of the Steering Committee?

7 A Yes, we have.

8 Q And have you maintained through that
9 period of these months contacts with other
10 bondholders?

11 A Yes, we have.

12 Q Could you describe briefly, sir, the
13 concepts which have been agreed upon as these
14 principal terms?

15 A We have reduced the stated rate of
16 interest and the current pay rate of interest for a
17 period of time.

18 Correction, let me rephrase that.

19 We have reduced the stated rate of
20 interest throughout the life of the remaining
21 bondholders, or bonds, rather; we have reduced the
22 current pay portion below that stated rate for a
23 period of time; we have altered the call features on
24 the securities so that they can be called at a
25 discount for a period of accreting up over time.

Foss - direct by Fusco

1 We have changed the--we have proposed
2 the change of the equity ownership of the facility so
3 that the first mortgage bondholders would become
4 equity participants in the facility, and the ultimate
5 percentage of equity would be a function of how, in
6 fact, the bonds are retired.

7 We propose cash sweeps to be used to
8 reduce outstanding bonds from available cash. We
9 contemplate the compromising and reduction of
10 principal amount of a note due to Donald Trump. And
11 we contemplate a variety of other issues which may not
12 be financial in nature, but which are important
13 overall to the transaction.

14 Q Does the outline contemplate discussing
15 excusing the licensee from making the interest sinking
16 fund payment during the month of June 1991?

17 A Yes, it does.

18 Q When the reorganization plan is
19 consummated, Mr. Foss, do you have an opinion as to
20 whether or not when consummated the Trump Castle
21 Associates will have achieved financial stability and
22 have adequate financial resources for the operations
23 of its casino through May 16, 1993?

24 A We believe it will have financial
25 stability, and we have so designed our deal to reflect

Foss - cross by Auriemma

1 that.

2 MR. FUSCO: Mr. Chairman, another
3 witness will also testify about this transaction, Mr.
4 Ribis.

5 CHAIRMAN PERSKIE: That's all you
6 have for the moment of this witness?

7 MR. FUSCO: Yes, sir.

8 CHAIRMAN PERSKIE: Mr. Auriemma.

9 CROSS-EXAMINATION

10 BY MR. AURIEMMA:

11 Q Mr. Foss, the agreement that was signed
12 earlier today, A-55A, has your signature upon it; is
13 that correct?

14 A Yes, sir, it does.

15 Q And it also has the signatures of Mr.
16 Trump and Mr. Ribis?

17 A Well, I don't remember all who signed.
18 Mr. Ribis, Mr. Trump, myself, and Mr. Nutt, who is
19 legal advisor to the Steering Committee.

20 Q And this agreement was signed sometime
21 today?

22 A It was signed 11 o'clock this morning,
23 10:30 this morning.

24 Q When you--earlier you indicated that you
25 have been in contact with other bondholders--

Foss - cross by Auriemma

1 A Right.

2 Q --besides the 33 percent Steering
3 Committee members. Could you quantify what percentage
4 you're talking about?

5 A Including the Steering Committee, it is
6 approximately three-quarters of all the first mortgage
7 bonds outstanding, and my recollection is that it's
8 approximately 80 percent of the 13 and three-quarters

9 Q And, as far as you know, Putnam, which is
10 a member of the Steering Committee, is the largest
11 bondholder of Castle bonds?

12 A That's my understanding, yes.

13 Q About 18 percent?

14 A I believe that's the percentage, yes.

15 Q Are you aware of any other large
16 bondholders who are not part of the Steering Committee
17 who do not approve or have some difficulty with this
18 plan at this point in time?

19 A Let me clarify.

20 When you say that, do you mean with
21 respect to the financial terms? Do you mean with
22 respect to anything else?

23 Q I mean with respect to this agreement, are
24 you aware of any group of bondholders or a large
25 bondholder that does not adhere to the principal terms

Foss - cross by Auriemma

1 that are contained in this term sheet?

2 A We have had--since the press release only
3 went out at approximately midday, and since a number
4 of the terms were confidential, we have not been in
5 touch directly with the bondholders since we have been
6 enroute over here to the hearing.

7 Prior to that time, and apart from
8 the article that appeared in the Wall Street Journal
9 this morning, we have not had a conversation with the
10 broader bondholder group about the specifics of this
11 proposal. It was only agreed to relatively late on
12 Friday afternoon up in Boston. So I would be--it
13 would not be possible for me to comment with respect
14 to other bondholders who are not part of the Steering
15 Committee.

16 With respect to the financial terms
17 of the transaction, the Steering Committee is in
18 agreement with respect to some of the other details,
19 and I'm sure we have clarifications with respect to
20 those.

21 Q The agreement calls for the filing of the
22 requisite disclosure statements with the SEC no later
23 than August 15th.

24 Is there a reason for that particular
25 date?

Foss - cross by Auriemma

1 A We think it's timely. We think it's
2 doable and timely.

3 Q Do you believe it can be done any sooner
4 than that?

5 A I would defer to counsel. I think we've
6 tried to outline what we think is a reasonable period
7 of time to do the documentation, which is complex, and
8 prepare public disclosure statements and things of
9 that sort. It's possible, but I wouldn't try to
10 mislead you by saying I can guarantee it.

11 Q The agreement contemplates that the
12 solicitations are due not later than October 1.

13 A That is correct.

14 Q Are you familiar, in a general way, with
15 the Taj bondholder process?

16 A In a general way, yes.

17 Q And are you aware that it took some time
18 for the Securities and Exchange Commission to
19 ultimately approve the registration statement?

20 A Yes, I am.

21 Q And despite that general knowledge, do you
22 still believe that October 1 is a realistic date for
23 commencement of Castle solicitation?

24 A Well, I could never underwrite the date
25 from the SEC, and I would not attempt to do so, but I

Foss - cross by Auriemma

1 would hope that perhaps the SEC has cut their teeth,
2 so to speak, on the Taj deal and maybe this would be a
3 little bit less complex, but I can't guarantee that.

4 Q Suppose, for whatever reason, it takes the
5 SEC longer than October 1 to formally approve the
6 registration statement, and suppose that it takes
7 later than November 15th to file the petition in
8 bankruptcy court called for by the agreement.

9 What, in your opinion, happens to the
10 principal terms of the agreement if those dates are
11 not met?

12 A Well, a lot would depend on how long in
13 addition we're talking about. If we're talking about
14 theoretically a year, I suppose we would sit back and
15 revisit a lot of things. If we're talking about minor
16 extensions, I wouldn't see there being any change to
17 it whatsoever.

18 Q But assuming these dates are not
19 technically met, it would require, in your opinion,
20 some sort of extension between the Steering Committee
21 and the Castle representatives?

22 A I think that's right. We are not--maybe I
23 left you with the mistaken impression. The Steering
24 Committee has not set forth that the appearance of
25 these dates is a condition of the deal. I think the

Foss - cross by Auriemma

1 principle is that we should move forward in a timely
2 fashion, it's in everybody's interest. But if there
3 are minor delays, that's fine.

4 Q The sinking fund and interest payments
5 that are due today to the Trump Castle bondholders
6 will not be paid today; is that correct?

7 A That's my understanding.

8 Q Assuming that we proceed down this
9 particular route and there is not an emergence from
10 bankruptcy or a confirmation in bankruptcy by December
11 15th, the December 15th interest payment to Castle
12 bondholders would also not be made. Is that accurate?

13 A I believe that would also be the case.

14 Q Let me go through some of the general
15 terms of the agreement so that we can understand
16 exactly what the deal is.

17 The principal amount of the first
18 mortgage bond would be \$290 million?

19 A Approximately. It represents the accreted
20 value of the seven, so--

21 Q So that's essentially what the bond--what
22 the principal amount is today?

23 A That is correct.

24 Q And the plan also provides for cash sweeps
25 at various periods of time?

Foss - cross by Auriemma

1 A That's correct. It has one at the
2 petition date, one at the confirmation date, and then
3 subsequently, of course, we'll pick up a June interest
4 payment next year, which is essentially a sweep which
5 has a stated rate to it.

6 Q And there is also a provision in the term
7 sheet for payment in kind types of bonds; is that
8 accurate?

9 A That is correct.

10 Q And could you explain to us when a payment
11 in kind bond would be paid?

12 A Sure. The stated rate on the securities
13 will be--is proposed to be nine and a half percent.
14 And what would happen is that for the interest
15 payments, really beginning in June of next year, is
16 that the Trump Castle would be obligated to make a
17 cash pay rate, which could be at a lower number, I
18 think it begins at five, as I recall, and it
19 progresses up over, I believe it's four interest
20 payment dates, if I'm not mistaken, to nine and a half
21 percent. And during that interim period of time,
22 excuse me, any noncash paid interest from the stated
23 rate down to reduced rate could be, in effect, paid to
24 the bondholder.

25 Q The plan also calls for a management fee

Foss - cross by Auriemma

1 to Mr. Trump of \$1.5 million?

2 A That is correct.

3 Q And is that based on performance or is
4 that a flat fee?

5 A That is a flat fee. There is not an
6 incentive or anything else to it.

7 Q Are there any requirements that Mr. Trump
8 perform some personal services for the Castle?

9 A I think the--there are, I believe as we
10 stated in the back part of the term sheet, a number of
11 details need to be worked out. We have not
12 specifically addressed the details of that. We've
13 contemplated that he would be paid. We would
14 anticipate very shortly getting much more into those
15 types of details in the transaction.

16 Q And those types of details would have to
17 be ironed out before the registration statement were
18 filed with the Securities and Exchange Commission?

19 A I would assume so, yes.

20 Q Currently, Mr. Trump has a demand note
21 with respect to the Castle?

22 A That's correct.

23 Q About \$28 million?

24 A I believe that's right, yes, sir.

25 Q This would modify that demand note in what

Foss - cross by Auriemma

1 fashion?

2 A It would be reduced down to 15 million,
3 face amount, and the interest paid on it, interest or
4 dividends, the term sheet discusses either a deeply
5 subordinated note or a preferred stock, would mirror
6 the payment characteristics of the first mortgage
7 bonds with respect to cash at a nominal rate.

8 Q And when would it be determined whether
9 this is a preferred stock or a subordinated debt
10 stream?

11 A Shortly.

12 Q And as is clear from the exhibit upon
13 confirmation, the bondholders would receive 50 percent
14 of the equity in the Castle; is that correct?

15 A That is correct, sir.

16 Q Earlier I used a phrase in my opening
17 statement that this is somewhat like a Taj-like deal.

18 Can we focus on the following: In
19 the Taj transaction there is a new board of directors
20 of a new holding company that's coming into
21 existence.

22 Is that contemplated here?

23 A We contemplate that there be a board and
24 the majority of the board members be elected by Donald
25 Trump and the minority be selected by some private

Foss - cross by Auriemma

1 first mortgage bondholders.

2 Q And in the Taj transaction there are
3 certain transition events which could result in the
4 Taj bondholders assuming control of that board of
5 directors.

6 Is that contemplated here or not?

7 A We assume that there will be some
8 differences in this transaction than the Taj
9 transaction in that regard.

10 Q Well, is that a difference or is that
11 something that will be akin to the Taj Mahal deal?

12 A We assume that under certain circumstances
13 either we can require the sale of the facility or
14 certain management changes. I think some of the
15 transition event language is yet to be clarified in
16 discussions with the Trump organization.

17 Q The agreement also contemplates that
18 MidLantic's debt with respect to the Castle has to be
19 addressed.

20 A That is correct.

21 Q Do you know what the status of MidLantic's
22 debt is at this point in time and what is
23 contemplated?

24 A We have not met, as a bondholder
25 committee, with MidLantic. We would contemplate doing

Foss - cross by Auriemma

1 that in the very near term.

2 I think the term sheet is clear in
3 that it is conditioned upon an acceptable
4 restructuring of that debt. We would not see
5 ourselves being treated unfairly, shall I say,
6 relative to MidLantic in this transaction, but those
7 negotiations have not taken place. They have to be to
8 the satisfaction of the first mortgage bondholders.

9 Q Before the signature lines of the
10 agreement there is a sentence which reads, "The above
11 terms representing nonbinding framework for a
12 financial restructuring of the Trump Castle."

13 Can you express to us what your
14 understanding of that phrase is?

15 A Yes, sir.

16 We believe that this is the
17 reflection of the business terms of the transaction.
18 There are, obviously, many other terms of the
19 transaction that need to be clarified and set forth in
20 detail.

21 Typically, term sheets of this nature
22 become rather extensive and detailed. Given that we
23 were working rather late on Friday, I think it was not
24 possible to complete all of that. We would need to do
25 that in the very near future. Until that's done, I

Foss - cross by Auriemma

1 believe this statement will be a very accurate
2 statement.

3 Q Have you had a chance to review at all
4 Exhibit A-56?

5 A For a few minutes.

6 Q Did you assist in the preparation of this
7 document in any way?

8 A No, I did not.

9 Q Let me just ask you this question, then.
10 Do you have it in front of you?

11 A Yes, I do.

12 Q Would you turn to the fifth page.

13 A Yes, sir.

14 Q The first line on the top of that page
15 reads "Net Cash Provided (Used by Operating
16 Activities)."

17 A Right.

18 Q Could you go down about two-thirds of the
19 way before the second dotted line, there is a category
20 "Payments of Dividends or Capital Withdrawals."

21 A Right.

22 Q Would you look at November 1991.

23 A Right.

24 Q And there is a figure I believe
25 26,200,000--

Foss - cross by Auriemma

1 CHAIRMAN PERSKIE: You're ahead of
2 me. Just a second.

3 What's the category? "Payments"--

4 MR. AURIEMMA: "Payments of Dividends
5 or Capital Withdrawals."

6 CHAIRMAN PERSKIE: I must be on the
7 wrong page. Hold it.

8 I got it. I'm sorry. 26,200,000?

9 MR. AURIEMMA: Right, 26,200,000.

10 Q Do you see that, Mr. Foss?

11 A Yes, I do.

12 Q And could you indicate to us what that
13 represents?

14 A I believe that number would represent
15 under this operating scenario the sweep amount that
16 would occur on or about the petition date.

17 Q And that's the sweep to the bondholders?

18 A That is correct. I would defer, however,
19 to the Trump organization. I did not prepare this and
20 have not spent much time reviewing it.

21 MR. AURIEMMA: I have nothing further
22 at this time. Thank you.

23 EXAMINATION

24 BY CHAIRMAN PERSKIE:

25 Q Mr. Foss, what do you contemplate, or are

Foss - by Chairman Perskie

1 you the right one to ask, is going to be going on
2 between now and August 15th that would prevent an
3 application with the Securities and Exchange
4 Commission until then?

5 A Well, I would invite further comment from
6 our counsel to the Steering Committee, but I think--

7 CHAIRMAN PERSKIE: Is he going to be
8 testifying, Mr. Fusco?

9 MR. FUSCO: We didn't plan it, but if
10 it's necessary, we will--

11 CHAIRMAN PERSKIE: Well, you better
12 make that judgment after he finishes waffling on this

13 MR. FUSCO: We will.

14 A (Continuing) I think there are a rather
15 substantial number of details to be knocked around.
16 We should try to go through, I guess what we'll call
17 them, the noneconomic terms of the transaction, and I
18 think it will take us a little while to finish those.
19 When I say "a little while," I really can't tell you
20 whether that's a week or two weeks or three weeks or
21 whatever.

22 I think there are other events that
23 may have to happen with regard to the structure of the
24 entities that will need time. Obviously, a disclosure
25 statement will have to be prepared. Diligence on the

Foss - by Chairman Perskie

1 disclosure statement is something that I think we all
2 want to be sure is done adequately.

3 I think that there is an obligation,
4 a logical obligation to personally explain the
5 transaction to the nonSteering Committee bondholders,
6 which I would anticipate doing largely tomorrow and
7 into the next several days as they have questions on
8 it. If certain questions arise, they may give rise to
9 other questions or clarification or needs to have
10 discussions with the Trump organization on the
11 transaction. But I think the mechanics, while they
12 sometimes seem relatively modest, usually find a way
13 of becoming I think fairly lengthy in a process of
14 this sort.

15 Q You would agree, would you not, that there
16 is nothing in this document that you have signed today
17 that constitutes a binding legal obligation on
18 anybody?

19 A I think that's an accurate reflection,
20 yes.

21 Q While I'm on that subject, and I don't
22 mean this personally, the end result is I'm going to
23 ask you who you are, and I'm going to ask you in that
24 context as what I read to be the financial advisor to
25 the Steering Committee of the unofficial committee of

Foss - by Chairman Perskie

1 the first mortgage bondholders. That indeed is a
2 mouthful. I've had a number of titles in my life.
3 Tell me what that means.

4 A A number of large bondholders collectively
5 formed a Steering Committee, the number being five in
6 this case.

7 Q Who is the unofficial committee?

8 A The unofficial committee is a committee
9 of--there is a Steering Committee, there is an
10 unofficial Steering Committee.

11 Q This is the Steering Committee of the
12 unofficial committee. I'm leading up to, who is the
13 official committee?

14 A This is not a committee approved by the
15 bankruptcy court, because we're not in bankruptcy
16 right now.

17 Q Okay. So that's what you mean by
18 unofficial?

19 A I believe that's correct.

20 Q Prebankruptcy?

21 A Yes.

22 Q Okay. And the Steering Committee has or
23 does not have any formal authority from the unofficial
24 committee to act on its behalf?

25 A Technically, that's correct.

Foss - by Chairman Perskie

1 Q Is it that they do or they don't have?

2 A No, they do not have.

3 Q And you're the financial advisor, you're
4 the one who signed this, and Mr. Nutt, and neither of
5 you is a member of the Steering Committee?

6 A That is correct, but this was prepared
7 with the Steering Committee on Friday.

8 Q And your signature is understood and Mr.
9 Nutt's is understood to convey, and you understand it
10 to convey, the approval and the sanction of the
11 Steering Committee?

12 A I believe that to be an accurate
13 statement, yes.

14 Q And which in turn represents that it has
15 the authority of the unofficial committee?

16 A You're defining or you're--I mean, you're
17 defining things with such a fineness that I would ask
18 counsel to comment.

19 CHAIRMAN PERSKIE: Well, all right,
20 then I guess we'll ask counsel.

21 Q Let me ask you a couple of business
22 questions here.

23 Page 3 of this document refers to
24 redemption. It says, "If the call is exercised after
25 '92, the issuer may, for a nominal amount, redeem a

Foss - by Chairman Perskie

1 percentage of the equity," etcetera.

2 What does "nominal amount" mean? Is
3 that the famous one dollar?

4 A It's not been negotiated yet. It's not
5 contemplated to be in large amount, but it has not yet
6 been negotiated.

7 Q In your experience, nominal amount in this
8 context could range from what to what?

9 A It could be--it could have a number that's
10 at least a million dollars, it could be lesser or
11 more.

12 Q So that if, for example, on this
13 particular issue somebody wanted to take the position
14 that half a million dollars would be an appropriately
15 nominal amount and somebody else wanted to take the
16 position that a million and a half was a more
17 appropriately nominal amount, and they didn't agree,
18 there would be nothing here that this Commission could
19 get its teeth into, could it?

20 A Until we agree to those types of terms,
21 the answer to that question is yes, although we do
22 think that the broad economics of the transaction
23 reflect the views of the Steering Committee. So I
24 take it, it's more than, how shall I say, a casual
25 document, but it's not finalized.

Foss - by Vice Chair Armstrong

1 CHAIRMAN PERSKIE: Okay.

2 Anybody else on the Commission have
3 any questions of the witness?

4 VICE CHAIR ARMSTRONG: Mr. Chairman.

5 CHAIRMAN PERSKIE: Vice Chair.

6 EXAMINATION

7 BY VICE CHAIR ARMSTRONG:

8 Q Let me get back to some questions the
9 Chair was asking. This Steering Committee to which
10 you are the financial advisor consists of five
11 institutional investors, which hold 33 percent of the
12 first mortgage bonds--

13 A That's correct.

14 Q --and they got together and they said we
15 are going to form a Steering Committee to come up with
16 a plan which is acceptable to those five institutional
17 investors and presumably, hopefully, at some point in
18 time acceptable to the rest of the bondholders.

19 A I think, not to interrupt you,
20 Commissioner Armstrong, but I believe the process was
21 slightly different than that.

22 I believe, and this was slightly
23 before our involvement, but not by much. Last
24 December, I believe it was, when it became--it was
25 apparent that the Castle was having payment

Foss - by Vice Chair Armstrong

1 difficulties and earnings difficulties, some of the
2 larger bondholders were concerned about that, and it's
3 my understanding they not only formed the Steering
4 Committee, but did so after, in fact, they had
5 conversations with a number of the other bondholders
6 about who might take the lead in this action, who
7 might have an interest in participating.

8 I don't mean to represent to you that
9 the five holders called 57 or 82, or whatever it was,
10 bondholders to come up with that, but they more
11 broadly dealt with a number of other institutional
12 holders in securities to find out who had interest in
13 serving on such a committee in such a capacity to
14 resolve these issues, which is typical in these
15 processes, it's not at all unusual, and the the group
16 was formed, the group has had ongoing conversations
17 through either conference calls or direct calls by
18 ourselves, or direct calls by members of the Steering
19 Committee to other bondholders.

20 Those calls became lessened once, in
21 fact, we the Steering Committee members became
22 privileged to inside information. Obviously, we
23 couldn't have open conversations with other
24 bondholders.

25 But I don't mean a leave an

Foss - by Vice Chair Armstrong

1 impression, I think it would be a mistake, that
2 we--that the people have been out of touch and there
3 is no liaison that's occurred over this rather
4 extensive period of time.

5 At the same time, I don't purport to
6 say that since we just filed our press release today
7 and so now it's public information that we have not
8 been out there talking to all the other bondholders
9 with definitive terms, more definitive terms of the
10 transaction.

11 Q But I presume you are not in a position,
12 such as you had the last hearing with the Taj Mahal or
13 with Mr. Ross, to be able to give informal opinion as
14 to beyond the Steering Committee, beyond the 33
15 percent how many of those other bondholders are pretty
16 elated about this piece of paper?

17 A I would be contradicting myself since I
18 have not had those conversations since the press
19 release went out.

20 Q Okay. So all you can tell us at this
21 point is that, as far as you know, the 33 percent
22 bondholders, which constitute the Steering Committee,
23 are pretty much on board with this?

24 A Certainly, we are prepared to recommend
25 these financial terms, and we have further work to do

Foss - by Vice Chair Armstrong

1 with respect to the balance of the more detailed term
2 sheet reflecting the transaction, and, as is logical
3 and normal in this process, I think this type of a
4 process we could communicate more broadly with
5 bondholders and, obviously, take their input now that
6 public information is available.

7 VICE CHAIR ARMSTRONG: Okay, thank
8 you.

9 CHAIRMAN PERSKIE: Anybody else?
10 Thank you, sir.

11 THE WITNESS: Thank you.

12 MR. FUSCO: Mr. Chairman, could we
13 take five minutes, please?

14 CHAIRMAN PERSKIE: We may take a
15 brief recess. Reconvene at quarter to four.

16 (A short recess was taken.)

17 CHAIRMAN PERSKIE: Mr. Fusco.

18 MR. FUSCO: Mr. Chairman, we would
19 call Robert L. Nutt to the stand.

20 R O B E R T L. N U T T, having been first duly
21 sworn, testified as follows:

22 CHAIRMAN PERSKIE: When you started
23 out, Mr. Nutt, this afternoon there was standing room
24 only over here. You seem to draw flies. I hope you
25 don't take it personally.

Nutt - direct by Fusco

1 Mr. Fusco.

2 DIRECT EXAMINATION

3 BY MR. FUSCO:

4 Q Mr. Nutt, you are an attorney, sir?

5 A Yes, sir.

6 Q And a partner with the firm of Ropes &
7 Gray?

8 A That's correct.

9 Q And you are a signatory to the document
10 which has been identified as A-55A?

11 A That's correct, in our capacity as counsel
12 to the Steering Committee.

13 Q Could you describe for the Commission the
14 relationship between the Steering Committee and the
15 unofficial committee that was discussed in prior
16 testimony?

17 A When a group of bondholders got together
18 as early as last June to discuss the Trump Castle
19 matter, a few of those bondholders unofficially
20 stepped forward and said that they would be willing to
21 serve as representatives of the other on the Steering
22 Committee.

23 Those five institutions formed
24 themselves as the Steering Committee and the name
25 unofficial committee to the larger group was given to

Nutt - direct by Fusco

1 the other holders to the first mortgage bonds who have
2 been identified by the Steering Committee. So the
3 Steering Committee is representative of the larger
4 group.

5 Q The Steering Committee was selected by the
6 larger group?

7 A That's correct

8 Q And since their selection--when did the
9 selection occur?

10 A The selection occurred in December, formal
11 selection.

12 Q And since their selection, has there been
13 maintained a dialogue or a relationship or
14 conversations between the Steering Committee and the
15 unofficial committee?

16 A Yes, sir.

17 Q And have they been apprised of the fact
18 that there have been negotiations over the last
19 several weeks which resulted in the exhibit which is
20 A-55?

21 A They were apprised that the negotiations
22 were ongoing.

23 Q And were they advised from time to time of
24 different terms which were under discussion?

25 A The very broad parameters of terms under

Nutt - direct by Fusco

1 discussion were discussed with them in telephone
2 conference calls. Given the fact that the bonds are
3 publicly traded, there were limitations upon what
4 could be told to them at any particular point in time

5 Q And the public announcement was made--

6 A Only occurred this morning.

7 Q And there are restrictions and
8 confidentiality which attend discussing potential
9 changes in the terms of securities prior to the time
10 that they are publicly announced; is that not so?

11 A That's correct.

12 Q And does that generally come under the
13 category of inside information?

14 A That's correct.

15 Q And so there's a limitation on your
16 ability to be able to present the entire scenario of a
17 proposal that's on the table while that remains as
18 confidential inside information; is that correct?

19 A That's correct.

20 Q And have you had occasion to participate
21 previously in any Steering Committee circumstances
22 where securities were being reorganized or
23 restructured?

24 A Yes.

25 Q And is the process that after the public

Nutt - direct by Fusco

1 announcement there is a dialogue over the terms that
2 have been publicly announced?

3 A There frequently are comments that come in
4 from the bondholders, that's correct.

5 Q Do you expect to maintain that dialogue
6 over the next days and weeks with the unofficial
7 committee as well as with the Steering Committee?

8 A Yes.

9 Q And in that process, do you get to form
10 the concept of people being supportive of the terms
11 that have been agreed to?

12 A That's correct.

13 Q The term sheet itself, or the outline of
14 principal terms on the first page sets forth a series
15 of target dates.

16 Do you have the document with you,
17 sir?

18 A Yes, I do.

19 Q And specifically I direct your attention,
20 to the fact that, the third line of the second
21 paragraph, with the requisite transaction and
22 disclosure documents being completed for filing with
23 the Securities and Exchange Commission not later than
24 August 15th, could you describe for the Commission
25 what thoughts were inputted that resulted in August

Nutt - direct by Fusco

1 15th being selected as a target date?

2 A Both we and the representatives of the
3 Castle, with whom we negotiated, wanted to maintain
4 the momentum that has been built in the discussions of
5 recent days, we wanted to conclude any issues yet to
6 be agreed upon in clarification of finalizations as
7 promptly as possible, and we wanted to turn to the
8 documentation process as quickly as could be.

9 We thought this was an aggressive,
10 but reasonably attainable goal to have all of the
11 documentation, disclosure documentation, securities
12 documentation completed.

13 Q And, in your view, sir, is that time, from
14 a practical point of view, compressible? Is it likely
15 that you will come in under that time? Could you just
16 address that thought?

17 A I will be surprised if we can beat it by
18 much. I don't see any reason why we should be
19 substantially beyond that period of time, but there is
20 a substantial amount of work that needs to be done.

21 Q I say respectfully, in your view, that's
22 not too much time? That's aggressively performing in
23 the next two months?

24 A That's right. I think we'll all have to
25 work very hard to have the documents completed by

Nutt - cross by Auriemma

1 then.

2 MR. FUSCO: Mr. Chairman, that's all
3 I have of Mr. Nutt at this point in time.

4 CROSS-EXAMINATION

5 BY MR. AURIEMMA:

6 Q Mr. Nutt, your law firm, Ropes & Gray, is
7 a Massachusetts law firm?

8 A That's correct.

9 Q Earlier you indicated that there was a
10 percentage of a larger group of bondholders with whom
11 the Steering Committee was in touch.

12 Could you quantify what percentage
13 we're talking about?

14 A According to the latest records that the
15 Steering Committee had, the larger group includes
16 approximately 94 percent of the 13 and three-quarters,
17 approximately 61 percent of the sevens, for a total of
18 approximately 83 percent of the aggregate face and
19 accreted value of the 13 and three-quarters and seven
20 percent.

21 Q In terms of numbers, do you know how many
22 holders they would make up?

23 A There are approximately 30 of whom we
24 speak.

25 Q And is it your testimony that prior to the

Nutt - cross by Auriemma

1 official announcement today there were certain
2 restrictions upon the Steering Committee speaking to
3 these other 30 bondholders?

4 A Yes, sir.

5 Q And now, as a result of this public
6 announcement, are there any restrictions?

7 A We will go out and describe to them the
8 specific terms as in the press release. I don't think
9 we'll be in a position to disclose to them material
10 nonpublic information that we have obtained from the
11 Castle. But that material nonpublic information which
12 was the fact that there were negotiations, the terms
13 of the negotiations, and so forth, we will now be free
14 to discuss, and will.

15 Q The five members that constitute the
16 Steering Committee, are they now prevented on a going
17 forward basis from trading in the Castle--

18 A Yes. We have entered into a
19 confidentiality and restriction on trading agreements
20 with the Castle at the very outset.

21 Q The larger group would not be so
22 constrained?

23 A No, they are not restricted from trading.

24 Q Let me ask you this: Even though this
25 agreement was signed today and the interest in sinking

Nutt - cross by Auriemma

1 fund payments will not be made, there is, in theory at
2 least, no prohibition on any group of bondholders
3 bandying together and filing or petitioning the
4 bankruptcy court for an involuntarily bankruptcy with
5 respect to the Castle?

6 A There is no such mechanism in place.

7 Q Let me ask you just generally about one of
8 the terms of the agreement.

9 The principal amount of the bonds
10 will remain between \$290 million?

11 A That's correct.

12 Q And given the payment in kind provisions
13 that this term sheet agreement calls for, there can
14 be, under certain scenarios, an increase in that
15 overall debt?

16 A That is correct.

17 Q Unlike the existing bond indenture and
18 sinking fund arrangement where the balance is sunk
19 periodically, this term sheet agreement does not
20 provide for that; is that accurate?

21 A It does not provide for amortization of
22 principal, that's correct. It does provide for
23 certain cash sweeps where bonds can be purchased in
24 the market.

25 MR. AURIEMMA: I have nothing

Nutt - by Chairman Perskie

1 further. Thank you.

2 EXAMINATION

3 BY CHAIRMAN PERSKIE:

4 Q The cash sweeps, as I understand it, are
5 commonplace, although again that's a term that's one
6 of the several that's not specifically defined here.
7 That would not--that would refer to cash that would be
8 generated from operations?

9 A That's correct.

10 Q As opposed to, for example, to any cash
11 that might be generated from external capital source?

12 A That's correct.

13 CHAIRMAN PERSKIE: Anybody else have
14 any other questions of this witness?

15 COMMISSIONER WATERS: No.

16 CHAIRMAN PERSKIE: Mr. Auriemma, do
17 you have any other questions?

18 MR. AURIEMMA: Yes, let me ask just
19 one question.

20 FURTHER CROSS-EXAMINATION

21 BY MR. AURIEMMA:

22 Q If the Castle were to sell an asset, would
23 the funds that are derived from that sale be part of a
24 cash sweep?

25 A That was the reason I was hesitating when

Nutt - by Chairman Perskie

1 the Commissioner asked the question. We think that
2 that would be included if it was to be part of the
3 cash sweep, that's right.

4 MR. AURIEMMA: Thank you.

5 BY CHAIRMAN PERSKIE:

6 Q What would not be?

7 A If the indenture were to permit external
8 financing, we would deal with that separately, either
9 equity or debt financing. We don't intend to allow
10 any other equity financing without our permission.

11 Q How about junior debt?

12 A We would--we probably will not permit any
13 extensive amount of junior debt other than that used
14 for operating purposes.

15 Q Where does that leave you with your first
16 answer to my question?

17 A Primarily operating capital, internally
18 generated funds.

19 Q So then the answer to my question is more
20 properly no than yes.

21 My question was, does it contemplate
22 that it would be applied only to operating cash.

23 A You asked, I believe, if cash sweep--if
24 the cash that would be swept would be generated
25 primarily from operating funds, and the answer to that

Nutt - by Chairman Perskie

1 is yes, that's correct.

2 Q But you just, I think, if I understand you
3 correctly, eliminated, at least that I know of, any
4 other post potential source--

5 A Other than the sale of assets.

6 Q What about a capital contribution by the
7 Trump organization?

8 A We simply have not dealt with that in the
9 negotiations to this point.

10 Q I understand that. But you wouldn't
11 contemplate, would you, that under the general--as you
12 generally understand cash sweeps, that that would be
13 included?

14 A No, we would not contemplate that that
15 would be included.

16 CHAIRMAN PERSKIE: Anything else?

17 MR. AURIEMMA: No, thank you.

18 CHAIRMAN PERSKIE: All right, thank
19 you.

20 (Off the record.)

21 MR. FUSCO: Mr. Chairman, I'd like to
22 call Nicholas Ribis.

23 CHAIRMAN PERSKIE: Is that the same
24 Nicholas Ribis who testified the last time?

25 MR. FUSCO: The one and the same, Mr.

Ribis - direct by Fusco

1 Chairman.

2 N I C H O L A S L. R I B I S, having been first
3 duly sworn, testified as follows:

4 DIRECT EXAMINATION

5 BY MR. FUSCO:

6 Q Mr. Ribis, Mr. Ross has already testified
7 as to the Taj Mahal solicitation process being under
8 way.

9 Could you indicate, sir, what the
10 current cash position is at the Taj Mahal?

11 A Yes, Mr. Fusco. Presently, the Taj Mahal
12 has approximately \$45 million, approximately \$30
13 million of which is above the restricted cage funds
14 property.

15 Q Have the lines of credit arranged for or
16 contemplated by the reorganization plan, the \$100
17 million lines of credit, which total that amount, have
18 they--what's the status of those?

19 A I think Mr. Bollenbach will brief the
20 Commission in more detail, but the line of credit
21 was--discussions were held with Bankers Trust, I
22 believe that there is an agreement as to the funding
23 of what I'll call a dip financing. It's not an
24 unusual type of financing, and it's the type of
25 financing that the bank would look to when the asset

Ribis - direct by Fusco

1 has the value of a Taj Mahal.

2 CHAIRMAN PERSKIE: What kind of
3 general terms are you talking about here, Mr. Ribis,
4 on these lines?

5 THE WITNESS: Well, I'd like, if I
6 could, Mr. Perskie, to defer that to Mr. Bollenback,
7 who had direct conversations with the bankers on that.

8 CHAIRMAN PERSKIE: All right.

9 BY MR. FUSCO:

10 Q In your--in light of the current cash
11 position and your familiarity with the terms of the
12 reorganization plan, do you have an opinion, sir, as
13 to whether or not the organization--the reorganization
14 plan will provide the licensees with the financial
15 stability and adequate financial resources for the
16 operation of its casino through the license period?

17 CHAIRMAN PERSKIE: You're talking
18 about which organization now?

19 MR. FUSCO: Taj Mahal.

20 Q Do you have an opinion, sir?

21 A Yes. The answer is I have an opinion, and
22 the answer is yes, it does. And I'd like to point out
23 that in the overall picture, as you know, the chief
24 operating officers reported to me, and we have had Mr.
25 Gomes at the property now for approximately 60 days,

Ribis - direct by Fusco

1 his programs have taken place, he is a well-known
2 executive in the industry, that the Taj Mahal itself
3 has been performing at levels that were anticipated,
4 it is a property that is driving forward.

5 And as to the solicitations, I had
6 discussed with Mr. Ross and Mr. Hepner, who sent that
7 memo to him, it was my understanding that there
8 were--there was 42 percent, plus an additional
9 percentage, as Mr. Ross described, which is in the
10 form of letters of intent because they were in the
11 process of about 118 million in addition to the 42
12 percent.

13 I have that. Thank you, Mr. Fusco.

14 But, furthermore, I think that the
15 question of Mr. Icahn is being resolved and will
16 hopefully be resolved, but that he had informed me,
17 through his counsel, that he was going to vote
18 affirmatively with regard to the plan. And so that's
19 the status of the Taj Mahal, I believe where we
20 anticipated we would be when we adjourned the last
21 hearing.

22 Q Directing your attention to Trump Plaza
23 Associates, Mr. Ribis, there was an interest payment
24 due today. Has that--what is the status of that
25 interest payment?

Ribis - direct by Fusco

1 A I think the record will indicate that the
2 interest payment was made early on Friday, it was
3 forwarded by a wire to the trustee, the First National
4 Bank. It was further, the transaction with Fidelity
5 was completed on June 11th, those documents are in the
6 record, and the sinking fund payment has been made, so
7 a total payment of approximately \$41 million has been
8 made by Trump Plaza Associates to the bondholders.

9 MR. FUSCO: For the record, members
10 of the Commission, Exhibit A-58.

11 Q Mr. Ribis you made reference to an
12 exhibit. I show you A-58.

13 A Yes. That's the letter from Mr. Leslie,
14 of the First Bank, with respect to the interest
15 payment, and it's dated June 14th.

16 Q For the record, the documents relating to
17 the Fidelity transaction, Mr. Ribis, you're referring
18 to the transaction documents which are exhibits A-41B
19 and C?

20 A Yes.

21 Q Now, has the Trump Plaza arranged for a
22 credit line, sir?

23 A Yes. As the Commission and Division
24 staffs were continually updated, discussions were held
25 with a New Jersey bank and due diligence was commenced

Ribis - direct by Fusco

1 regarding a \$10 million long-term line of credit.
2 Those discussions and due diligence are just about
3 complete, but on an interim basis we have obtained a
4 \$5 million line of credit for Trump Plaza which can be
5 used in its operations, and the Division and
6 Commission staffs I believe have been notified.

7 CHAIRMAN PERSKIE: Has documentation
8 as to that been provided?

9 THE WITNESS: We have, Mr. Chairman,
10 submitted a communication from the bank.

11 CHAIRMAN PERSKIE: That was the
12 attachment to one of the letters?

13 THE WITNESS: It was a letter of
14 Friday, yes.

15 MR. FUSCO: Yes. It was attached as
16 a letter report to the Commission, sir.

17 THE WITNESS: Yes.

18 CHAIRMAN PERSKIE: But that was Mr.
19 Bollenbach's letter?

20 THE WITNESS: No, no. It was a
21 letter from the bank to me and forwarded to the
22 Commission and Division staffs.

23 MR. ZIMMERMAN: I have a letter,
24 Chairman, but I don't believe it's been offered in
25 evidence.

Ribis - direct by Fusco

1 CHAIRMAN PERSKIE: I haven't seen it.

2 MR. FUSCO: There was a letter
3 dated--give me one minute, I will get it.

4 THE WITNESS: It can be moved into
5 evidence. I don't have a problem with that.

6 MR. FUSCO: It specifically addresses
7 what Mr. Ribis spoke of, the \$5 million--

8 CHAIRMAN PERSKIE: Mr. Zimmerman has
9 it. Why don't you take a look and if everybody
10 agrees, maybe--I would like to see it. I suspect that
11 my colleagues might have a passing interest.

12 While we are waiting for that--

13 MR. FUSCO: I have it in multiple
14 copies, sir.

15 CHAIRMAN PERSKIE: One will suffice.
16 Actually, five will be more wonderful at the moment.

17 MR. FUSCO: That's what I meant.

18 (Off the record.)

19 CHAIRMAN PERSKIE: I have a letter
20 which I'm circulating to the commissioners, a two-page
21 letter addressed to Mr. Ribis from Patrick Sweeney, of
22 Peoples Bank, under date of June 13. Actually, I
23 think I have seen this letter.

24 MR. FUSCO: Mr. Chairman, for
25 purposes of record keeping, A-61 would be the next

Ribis - direct by Fusco

1 exhibit.

2 CHAIRMAN PERSKIE: It will be marked
3 as A-61.

4 Mr. Auriemma, have you seen it?

5 MR. AURIEMMA: Yes, I have seen it
6 and I have no objection.

7 CHAIRMAN PERSKIE: It will be
8 received and marked into evidence as A-61.

9 (A-61 received and marked in
10 evidence.)

11 CHAIRMAN PERSKIE: I may have seen an
12 unexecuted copy. I don't know what I saw. I remember
13 seeing--

14 THE WITNESS: I know as soon as I
15 received a copy of it, I sent it down to Mr. Fusco,
16 and you'll see from the correspondence that the larger
17 line is continuing to be worked on and the commitment
18 on an ongoing basis of \$5 million is in place and we
19 intend to--they're just awaiting, Mr. Chairman, a
20 completion of these hearings here before the
21 Commission and then we are going to move forward with
22 the larger facility.

23 CHAIRMAN PERSKIE: All right.

24 BY MR. FUSCO:

25 Q Mr. Ribis, beyond that line of credit,

Ribis - by Chairman Perskie

1 could you indicate to the Commission what the cash
2 position is at Trump Plaza?

3 A Above--with the cage and the current cash,
4 it's approximately \$13 million.

5 EXAMINATION

6 BY CHAIRMAN PERSKIE:

7 Q Is that before or after the payment of the
8 May real estate taxes on the Regency that the Division
9 report indicates weren't paid?

10 A The Regency--before, because that's part
11 of the final documentation that we are doing with
12 Manufacturers Hanover. That's one of the items which
13 will be discussed. The real estate taxes will be
14 paid. It's a matter of--

15 Q Don't they have to be paid by Trump Plaza
16 irrespective of the factor or content of any deal with
17 Manufacturers Hanover?

18 A Yes, if there weren't a transaction which
19 is going to take place with Manufacturers Hanover.
20 Yes, they will be paid.

21 Q Is there anything in that transaction
22 which will be inconsistent with TPA's obligation to
23 pay the real estate taxes?

24 A Possibly it would be, that could be part
25 of the overall transaction, because there has been, as

Ribis - by Chairman Perskie

1 you know, a significant change in the transaction.
2 But, to answer your question, that's the reason why
3 those taxes have not been paid to date.

4 Q When is it contemplated that those taxes
5 will be paid?

6 A That will be resolved during the course of
7 the next few weeks as we finish our documentation with
8 Manufacturers Hanover.

9 CHAIRMAN PERSKIE: All right, I will
10 refer you, Mr. Fusco, to page 14 of Division's report
11 at D-10.

12 DIRECT EXAMINATION CONTINUED

13 BY MR. FUSCO:

14 Q In your opinion, Mr. Ribis, in light of
15 the June payments to the bondholders, credit line and
16 cash position, do you have an opinion as to whether or
17 not Trump Plaza has achieved financial stability and
18 has adequate resources financially for the operations
19 of its casino through May 16, 1993?

20 A Yes and yes, as I answered before.

21 THE WITNESS: I do want to clarify
22 one thing.

23 During the earlier testimony of last
24 hearing, Mr. Chairman, there were some questions
25 regarding future boxing at Trump Plaza.

Ribis - direct by Fusco

1 We have determined to move ahead with
2 a significant boxing match in August, but under the
3 terms and conditions which are more satisfactory to
4 the facility and with the larger participation of
5 other casinos in Atlantic City. There will be a
6 fight, I believe it's on August 9th, at Trump Plaza
7 between Mercer and Morrisson, and which they tell me
8 is a substantial undercard. Yes, it's a good fight.

9 CHAIRMAN PERSKIE: I was asking my
10 resident expert.

11 THE WITNESS: (Continuing) We
12 haven't executed those documents as yet, but we
13 anticipate doing that this week.

14 I know that wasn't a question, Mr.
15 Fusco, but I apologize.

16 I want to state further that while
17 I'm talking that--

18 CHAIRMAN PERSKIE: That's the first
19 rule you should teach your witnesses, Mr. Fusco.

20 MR. FUSCO: It's pretty obvious who
21 is the teacher.

22 CHAIRMAN PERSKIE: Go ahead, Mr.
23 Ribis.

24 THE WITNESS: Mr. DeSanctis, who has
25 now been licensed by the Commission, has been at the

Ribis - direct by Fusco

1 property for about four months, has implemented his
2 policies. And despite what I read in the Press today
3 about gross revenues, our target is not gross
4 revenues. Our target is revenues to the bottom line,
5 and the competition to be at the top of that list so
6 that we can get headlines every month and every
7 quarter is not what we are interested in.

8 We are focusing in on the details, as
9 Mr. DeSanctis said, and at that property in particular
10 that doesn't mean it will not be driven by revenues,
11 but we will focus on what's important, and that is
12 there's a change in this industry, and I think that
13 sometimes change is painful when we've gone through
14 that change.

15 CHAIRMAN PERSKIE: In fact, the
16 projections that were made for the second quarter the
17 last time we were here as to that property had been
18 met, weren't they?

19 THE WITNESS: That is correct, and we
20 are very pleased with that.

21 BY MR. FUSCO:

22 Q As to--

23 A Have you forgotten? It's Trump Castle.

24 COMMISSIONER DODD: No leading the
25 witness.

Ribis - direct by Fusco

1 Q As to Trump Castle, Mr. Foss outlined the
2 outline of principal terms that were dated June 15,
3 A-55A.

4 Mr. Ribis, would you like to add
5 anything to the testimony that Mr. Foss gave us to the
6 terms?

7 A Well, a lot of thought went into--when we
8 were here last time, I testified a lot of thought went
9 into a long-term fix for the property, and that when
10 there were several approaches with the bondholder
11 Steering Committee representatives, and what happened
12 was that when we looked at the total long-term fix for
13 the property and we finally had some fruitful
14 discussions six or seven weeks ago, we saw that on a
15 long-term basis the property could be fixed rather
16 than a short-term fix, and the problem was reducing
17 the debt obligations, going forward on a long-term
18 basis, not for a license period, and that was the
19 decision we made, and I recognized it was a risky
20 decision to go forward with. But we did complete the
21 term sheet, and the committee which was formed, as I
22 understand it, and listening to Mr. Nutt in the same
23 way these committees are formed and as it was done at
24 the Taj Mahal, we think we can have a truncated
25 process, because we all learned a lot from the Taj

Ribis - direct by Fusco

1 Mahal, and we believe that on a long-term basis that
2 the Castle will be not only financially stable, but
3 under Mr. Wagner's stewardship has already started to
4 move forward in a positive direction, and this term
5 sheet and agreement permits the property to go forward
6 without worrying about each interest period making its
7 interest payment.

8 Here we can focus on the capital
9 expenditures which need to be made, the advertisements
10 which we would like to do with the property, and on a
11 long-term basis have a property that's financially
12 stable, and that's what we are able to do with this
13 committee. And I would say they have worked hard and
14 long, and even though they dragged us up to Boston on
15 Friday, we were able to complete it and work through
16 the weekend to clean up the term sheet that was
17 submitted late Friday to the Commission.

18 Q In the context of that reorganization plan
19 that you have just discussed, could you indicate what
20 is the current cash position of the Castle?

21 A It's approximately \$12 million.

22 Q And is the Castle in a position to make
23 its July 1 slot machine payments and real estate tax
24 payments due in August?

25 A Yes.

Ribis - direct by Fusco

1 Q And A-56, Mr. Ribis, I don't know if it's
2 in front of you or not, it's the exhibit, you're
3 familiar with A-56?

4 A Yes.

5 Q They are the forecasts?

6 A What we did, for the assistance of the
7 Commission the Commission staff, was have prepared
8 three different scenarios with respect to gross
9 operating profit: one which mirrored the submission to
10 the Casino Control Commission which was previously
11 made, one which lowered the gross operating profits
12 for 1991 to \$35 million, and one which reduced the
13 gross operating profits in 1991 to \$30 million.

14 And the reason why we did that is to
15 illustrate to the Commission and to assist the
16 Commission and Division staffs that under the
17 transaction, that under any of these gross operating
18 profits, that the property is financially stable
19 through the licensing period and has sufficient cash
20 and that the number that was pointed to, the \$26
21 million number that Mr. Auriemma pointed to, is the
22 cash sweep under the \$44 million projection that was
23 submitted earlier to the Commission.

24 Q And--

25 A And that's above--let me say that's above

Ribis - direct by Fusco

1 the cage, plus \$10 million, which was the--is the
2 essence of the transaction, and that is aside from the
3 cage, there would be \$10 million of operating money in
4 the facility at all times, and any sweep would always
5 be above that number.

6 Q And, Mr. Ribis, I will ask you, do you
7 have an opinion as to whether or not the Castle, by
8 virtue of the restructuring, has achieved financial
9 stability adequate for the operations of its casino
10 through May 1993?

11 A With the completion of that transaction,
12 yes.

13 MR. FUSCO: Mr. Chairman, I have no
14 more questions.

15 CHAIRMAN PERSKIE: We are going to
16 recess at this point.

17 MR. FUSCO: Mr. Chairman, could we
18 have one more--I think it would be in our interest,
19 certainly, to offer before you break for today certain
20 more testimony regarding an issue that we just
21 discussed.

22 CHAIRMAN PERSKIE: From Mr. Ribis?

23 MR. FUSCO: No, from several
24 witnesses, for Mr. Icahn, a representation from Mr.
25 Molloy, his attorney, Mr. Icahn's attorney.

1 Mr. Chairman, I know it's a little
2 bit unusual, but we--

3 CHAIRMAN PERSKIE: I'm going to let
4 you or him say anything that you want. I just don't
5 want any illusions that anything that he says is going
6 to substitute for a piece of paper.

7 With that having been said, fire
8 away. Who is he and what does he want?

9 MR. MOLLOY: Brian Molloy. It is
10 unusual, Mr. Chairman, and I don't want there to be
11 any false impressions or dillusions as to what's
12 happening.

13 What I want to say is that we will be
14 in a position--

15 CHAIRMAN PERSKIE: For the record,
16 you represent what interests this afternoon?

17 MR. MOLLOY: The interests of Mr.
18 Icahn's company.

19 MR. FUSCO: The companies that have
20 applied for qualification status, Chelonian, Tortoise,
21 and Unicorn, the holders of the bonds.

22 We have spoken with Mr. Icahn and we
23 expect to be in a position to tender a ballot
24 tomorrow, or the next day, whenever the Commission has
25 a hearing, and it will be testimony--

1 CHAIRMAN PERSKIE: Our hearing is
2 tomorrow.

3 MR. MOLLOY Tomorrow. Well, we'll be
4 here tomorrow, Mr. Chairman.

5 CHAIRMAN PERSKIE: We will look
6 forward to your presence, with documents, with
7 enthusiasm.

8 MR. MOLLOY: We will be here, Mr.
9 Chairman. I just didn't want the record to be
10 complete today without there being--

11 CHAIRMAN PERSKIE: Mr. Molloy, I
12 think that's helpful.

13 MR. MOLLOY: Because I think it sets
14 the right tone. Thank you.

15 CHAIRMAN PERSKIE: What time are we
16 advertised for tomorrow? Ten?

17 CHAIRMAN PERSKIE: Are we stuck with
18 that?

19 We're stuck with it. Ten o'clock.

20 MR. AURIEMMA: Mr. Chairman, through
21 you, could I just make one request that a
22 representative of the Plaza be available to give the
23 cash position of the Plaza, that a representative of
24 the Plaza produce a written document which details
25 after the payments that's been made of the sinking

1 funds interest what the cash position is net of
2 outstanding checks and what the house funds are.

3 CHAIRMAN PERSKIE: Have that here
4 tomorrow, Mr. Ribis.

5 Anything else this afternoon?

6 MR. BARNEY: My name is Dale Barney,
7 of Crummy, Del Deo Dolan, Griffinger & Vecchione, and
8 I'm addressing the Commission concerning the motion
9 for permission to intervene and participate in these
10 proceedings which Mr. Perskie made reference to before
11 we started here today that was filed last week on
12 behalf of the unofficial committee of subcontractor
13 creditors.

14 CHAIRMAN PERSKIE: At the Taj?

15 MR. BARNEY: Of the Taj, that's
16 correct.

17 Mr. Chairman, and members of the
18 Commission, the reason that that motion was only filed
19 last week was because the dispute concerning the
20 interplay of the two documents mentioned herein and
21 the agreements and amendments thereto only came to the
22 attention of Michael Borer, the trustee for that
23 committee of subcontractor creditors as of last
24 Monday, June 10.

25 The fact that the Trump organization

1 disputed our particular view of the interplay of those
2 two documents was not accutely--we were not accutely
3 aware of that dispute prior to that time and, as such,
4 our motion to intervene, as well as our substantive
5 papers, were only filed or were filed as timely as
6 they could have been given the timing of the notice to
7 us.

8 As such, we feel that the information
9 we have to offer concerning that agreement is
10 pertinent to the Commission's hearings here and its
11 determination and, as such, we ask either that the
12 Commission reconsider and hear our motion to
13 participate or intervene or, alternately, to hold the
14 record open until such time as the Commission is able
15 to hear that motion. I think you indicated you would
16 hear it on the 26th during the ordinary course.

17 CHAIRMAN PERSKIE: I haven't read it
18 all. I received it late Friday, with the indication
19 it will be filed on Friday. I have not had a chance
20 to review it. I don't know if the other members of
21 the Commission have or not.

22 It will be heard on the 26th.
23 Whether by then we have already taken action in
24 connection with this matter and it may or may not
25 render the application moot is something I do not know

1 today, but I for one am not prepared to entertain it
2 before that time.

3 I think, as I indicated earlier, the
4 western world, and good portions of the eastern, knew
5 that we were going to be here on June 17th to hear
6 these matters, and, as far as I'm concerned, your
7 office, if they had reason to believe on the 10th of
8 June there was going to be a possible problem, should
9 have filed it on the 10th. We didn't have anything to
10 do with when it was called. That was your call. We
11 will hear it on the 26th, if there is still anything
12 left to hear.

13 MR. BARNEY: Okay, thank you very
14 much.

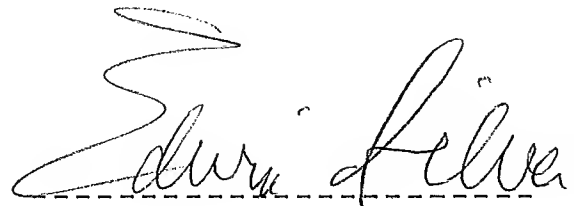
15 CHAIRMAN PERSKIE: Anybody else?
16 Ten o'clock tomorrow morning.

17 (Hearing was adjourned at 4:25 p.m.)
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C E R T I F I C A T E

I, EDWIN SILVER (Certificate No. 379),
Certified Shorthand Reporter and Notary Public of the
State of New Jersey, do hereby certify the foregoing
to be a true and accurate transcript of my original
stenographic notes taken at the time and place
hereinbefore set forth.



EDWIN SILVER, CSR

Dated: June 18, 1991